

# today over Israeli coalition

 $\rho_{s}^{ev}$ 

à Bian'

 $2\cdot 2\cdot m_{f}$ 

5 - C

25

793

1.14

1.11

e distriction

 $(1, \infty, 0)$ 

(1,2,1,1)

2011/202

. . . . . .

1.5

20.

1.1

6.2

1111

j ... \*

.

ور میں اور مور میں اور مور میں اور

100

-: c

Austria Bahrain Botgium Cyprus Danmik E Egypt Finland France Giermany Graece Hong Kong Icotend Widla

Israel's Labour Party is expected to vote today on whether to leave a coalition with the right-wing Likud bloc. Such a move could bring down the Government and force new

lisraeli police were deployed throughout Jerusalem in antic-instion of more anti-Arab vio-lence as Palestinians in the occupied territories staged a strike to mark the 20th month of their uprising. Page 12

### **Bhutto N-pledge**

Prime Minister Benazir Bhutto denied Pakistan was building a nuclear bomb and pledged to work for nuclear non-proliferation with India.

### Italian solution

Veteran Christian Democrat Giulio Andreotti, who has already served as Italy's Prime Minister five times, agreed to try to break the country's 51day political crisis and form a new government. Page 2

### Syrian blockade

Syrian gunboats blockading ebanon's Christian enclave intercepted a yacht in a further tightening of the siege as Shiah Moslem militiamen fonght with rockets and machine guns in Beirut.

### Greek confidence

Greece's conservative-commu nist coalition won its first confidence vote in parliament, clearing the way for the prose-cution of former Prime Minister Andreas Papandreou and other defeated socialists.

# Iran named parliamentary speaker Ali Akbar Hash

BRITISH Aerospace, UK atricraft manufacturer, is seek-ing government approval to sell 50-or more Hawk jet train-ers to Iraq in a deal worth hum-dreds of millions of pounds. Page 2 Page 2

KUROPRAN Mometary System: The Spanish peseta was the only currency that showed any real change in the EMS last week, losing further ground. However, an increase in the Bank of Spain's money market intervention rate provided some support at the end of the week. The D.Mark remained week. The D-Mark remained the most improved currency,

also making gains against a sharply weaker dollar. EMS

000

# GRID

D Krone B Franc F Franc Lina Inish Puat Gultier D-Mark Sterling

### ECU DIVERGENCE 5%

# Iranian candidates

EUROPEAN Monetary System:

sell 50 Hawk

jets to Iraq

July 7,1989

### 2% 2% 000

# and China, as well as Third World debt problems and

International Monetary Fund and the Polish Government on an economic recovery programme. The lengthy environment

section of the communique apparently argues that "deci-aive action is urgently needed to understand and protect the earth's ecological balance." Japan, West Germany, France, Britain, Italy and Canada, as well as Mr Jaques Delors, President of the European Commis-The section also stresses the

of Mr Botha's arbitrary exer-cise of power and a further indication of what it calls the ence developments in South Africa, seemingly without con-cern for the impact it could have on his party's electoral National Party's slide towards black majority rule.

black majority rule. Support came from Chief Mangosuthn Buthelezi, the Zulu leader, who bailed the event as "an epoch-making meeting between two sons of Africa". But the Mandela fam-ily and several black commu-nity leaders down played the significance of Mr Mandela's "meeting with his jailers." The meeting between Mr it was welcomed by leaders of the "liberal left" opposition Democratic Party as "an important step towards restor-ing rationality to the political

scene." The meeting was castigated, however, by Conservative Party spokesmen who saw the decision as a another example The meeting between Mr Botha and the man who, dur-ing his 27 years in jall, has

risen to stains as the world-wide symbol of the struggle against apartheid, took place at the President's official Cape

Town residence. Mr FW de Klerk, who replaced Mr Botha as leader of the ruling National Party in February, was informed of the meeting, but most members of the Cabinet were unaware that icy matters were discussed and no negotiations conducted," bat added that both men "availed themselves of the availed themselves of the opportunity to confirm their support for peaceful develop-ment in South Africa". The meeting was widely seen as preliminary to the eventual release of Mr Mandela,

it had taken place. A presidential spokesman initially denied knowledge of the 45-minute tea party until it was confirmed by a short state-ment from the Justice Minisalthough until recently the Government insisted Mr Man-dela and other jailed leaders try. It said that "President

Botha met Mr Nelson Mandela informally on July 5, when the latter paid a courtesy visit on the State President." The statement said "no pol-

swear violence as a precondi-tion for their release.

But on April 17 Mr Botha signalled in a speech to parlia-ment that Mr Mandela and others could be released if they were "prepared to contribute to a peaceful settlement of South Africa's future." The decision to play host to

Mr Mandela is understood to have been a personal decision by the President, who no lon-ger holds a party position but still wields executive powers granted to the state President under the 1984 constitution.

# BUSH FLIES TO POLAND • G7 MEETING ALSO TO FOCUS ON ENVIRONMENT Mexico close to Paris summit expected to deal with leading back East Europe reform bank creditors

of Citicorp and Mr Angel Gur-ria, the chief Mexican negotia-tor, said they had made substantial progress on the deal. If approved, the package would provide Mexico with

would be continued in talks reopening today. The chairmen of most of Mexico's leading creditor banks met for four days last week in New York in an attempt to reach an agreement on reducing Mexico's \$100bn debt burden.

Banks are under intense pressure to reach agreement from the US Administration and other governments eager to hold out a success for a new international debt strategy **Britain reviews** 

THE BANK of England is reviewing the credit scoring system used as a guide for the provisions UK banks should make to cushion against possi-ble losses on loans to problem debtor countries.

The review of the so-called matrix, which has been essentially unaltered in the two years since it was introduced, is likely to increase expecta-tions that UK banks will have to make higher Third World debt provisions. Page 4

three years, or 6.25 per cent annually over four years.
 The newly formed Party

# seek the backing of the other heads of government for a strong statement of support for strong statement of support for reform in Eastern Europe. More specifically, the summit is expected to back the rescheduling of Polish debts by the Paris Club of creditor nations and to encourage the current talks between the International Monetawy Fund

rent draft covers the environ-

concern caused by depletion of the ozone layer and the threat There will also be considerable emphasis on political

of changes in the climate.

In a pre-summit briefing, Mr William Reilly, head of the American Environmental Pro-tection Agency, said the US wanted a commitment to international co-operation on the environment, embracing not only the summit seven but also Third World countries such as Brazil, India and China, whose industrial expansion could have a big impact on these problems.

For example, the communi-for example, the communi-trialised and developing coun-tries have a duty to protect the long-term future of tropical rain forests. To this end the Japanese Government is believed to be considering a spin proposal to assist in tree-planting programmes in comtries which have suffered deforestation. . The main thrust of the draft

is to support or reinforce existing steps towards dealing with environmental problems rather than to propose new initia-

By Stephen Fidler, Euromarkets Correspondent, in London MEXICO and its 15 leading commercial bank creditors said at the weekend they were close

to an agreement in principle on a new financial package for the

which was lent before 1982. Banks could swap loans for bonds with a below par face value, at an average discount of 35 per cent; exchange loans for bonds with below market interest rates, avoraging 6.25 per cent, or make new loans equivalent to 8 per cent over a bank's exposure annually over

(11.97 ing to early drafts of the G7 As President George Bush D Krone flew to Warsaw yesterday to begin, his second European visit in six weeks, the indica-B Fitanc F Fitanc Lita tions from senior officials Inish Pon involved in summit prepara-tions were that there would lit-

ticians.

The move, which took most officials of the roling National Party by surprise, could boost the far-right Conservative

Party and prove an unpredict-able element in the prepara-tions for the country's general election on September & Last Wednesday's meeting, not

Guilder D-Mark Link ECU Party M Day Postion

The chart shows the two constraints on European Monetary System rates: The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move more than 24 per cent. The lower

chart gives each currency's divergence from the "central rate" against the Buropean Cur-rency Unit (ECU), a basket of

THE PARIS SUMMIT meeting issues such as Eastern Europe of the Group of Seven leading industrial nations later this week will issue a ringing endorsement of moves towards reform in Poland and Hungary and will commit themselvesto wide-ranging action to safe-guard the environment, accord-

By Peter Riddell, US Editor, in Washington -

After his visits to Poland and Amer my visits to Poisson and Hungary early this week, Pres-ident Bush and President Fran-cols Mitterrand, who has also recently been to Warsaw, will

prospects.

tie new on macro-economic policy in the communique. More than a third of the cur-

ment, expected to be a major theme of the discussions between the leaders of the US,

que backs the current analysis of how to reduce carbon diox-

ide emissions produced by fos-sil faels under the United Nations Environment Pro-gramme. Similarly, the leaders are expected to call on the rele-vant bodies of the UN to pre-

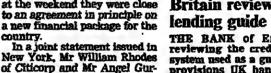
pare a report on the state of the world's oceans, and to sup-port existing efforts by the international Maritime Organi-sation to produce a convention on oil spills. The summit is expected to reaffirm the current process of international economic policy co-ordination, urge the removal of structural impedi-ments to non-inflationary

For instance, the communi

ments to non-inflationary growth in Japan and West Ger-many, call for further reduc-tions in the budget deficits in the US and Canada, support a reduction in inflation in Britain and Ibaly, back a multi-lateral approach to trade nego-flations, and back US volver tlations, and back US policy over Third World debt.

financial benefits of more than \$3bn annually, the statement said. Work on the agreement

Bush bid to trump Gothachev, Page 2



Rafsanjani and a former minis-ter, Abbas Sheibani, to stand for president. Page 3

# Zambia protesta -

Zambian police fired teargas to disperse youths who looted shops and stoned cars in the copperbelt town of Mutalira in the second day of protests against food price rises.

# Serbs stage rally

A Serbian festival in Croatia yesterday turned into a protest by tens of thousands of Serbs over ethnic discrimination, stoking tensions between. Yugoslavia's two largest nationalities

### Asean disagreement

Australia and the European Community exchanged strong words after the EC asked to be an observer in a proposed group for Pacific regional cooperation. Page 3

# 80 hurt in buil run

Eighty people were injured at the Pampiona buil runs where Spaniards celebrate the country's wildest fiesta by rac-ing buils through the streets.

Airbus row diffused phase in two days of talks in Geneva, Page 2

Aquino in Germany Philippines President Corazon Aquino arrived in West Germany at the start of a tour to encourage a greater knropenn role in the development of the Philippines.

The Government of President Carlos Saúl Menera, promising "major surgery, without anaes thetic", was to announce harst austerity measures last night to combat Argentina's worst economic crisis. Page 4

A leading member of Japan's ruling Liberal Democratic Party caused a storm in the country's national election campaign by declaring that women are useless in the world of politics." Page 3

# Wimbledon double

West Germans work both sin-gies titles at Wimbledon. Steffi Graf repeated her 1988 final win over Martina Navratilova (US), 6-2 6-7 6-1 and Boris Becker, who was champion in 1985 and 1986 beat holder Stefan Edberg 6-07-6 6-4.

European currencies. GAS supply in the Soviet

Union was cut by 30 per cent after last month's pipeline blast in the Unal Mountains which killed 600. Page 2 MAI and Havas, poster contractors in UK and France, are injecting media interests into Avenir, a listed French com-pany. Page 13

hordes of peddlers selling taity bicentennial souvenirs. AMERICAN Modical Interna tional, Beverly Hills health group, has accepted a \$2.14bn leveraged buy-out plan from a group including the Pritzher family of Chicago and First

The misery is not over. This week, loading up to the Bastille Day festivities and the summit meeting of the sover leading

# UK ECONOMY is heading for a "soft landing" in 1990, say leading forecasters. Page 5

UNITED BISCUITS chairman Sir Hector Laing said he did not believe a takeover bid for the company was being planned. Page 14 TIK PHARMACEUTICAL indus-

try says it faces a deepening

ALLIED IRISH Banks has

VICKERS, the Montreal engl-

nearing group founded as a shipbuilding offshoot of the

British Vickers company in 1911, is to close with the loss

of about 400 jobs. Page 14

neur, is to move five quoted units to Bermuda, Page 14

LUCAS Automotive, UK

Boston. Page 18

# crisis as it attempts to recruit graduate scientists. Page 6

lannched a \$150m issue of 6m perpetual non-cumulative preference shares in the US domes-tic market. Page 15

A dispute between the US and the European Community over government subsidies to Air-bus Industrie entered a calmer HONG KONG'S Century City group, the property, hotels and investment empire controlled by Lo Yuk Sui, local entrepre-

# Argentine pledge

office furniture subsidiary.

Japanese storm

GATEWAY, third largest UK retail chain, is set to be sold this week when shareholders decide between rival hids from rival US and UK companies. Page 18

# G7 locks horns with la Revolution

# By George Graham in Paris

industrial nations next Friday, threatens to cap it all, with traffic restrictions, crowd bar-riers and an estimated 3m tour-IT HAS been a miserable year for Parisians; many of their favourite monuments closed fivourite monuments closed for repair and restoration, interminable intellectual

Yet the first glimmers of hope have appeared. The earli-est sign came when the Bas-tille column emerged refreshed from a forest of scaffolding. debates over the true meaning of the French Revolution, and And even the most gloomy of anti-revolutionaries could not avoid a cheer when the inval-

ides, Napoleon's burial place, appeared resplendent in its new gilding, complete with the statues it lost in 1793.

With 30 heads of state and government set to arrive, secu-rity will be so tight that the commemoration of the Declara-tion of the Rights of Man at the Trocadero on Thursday threatens to turn into a private affair for the 30 leaders and their bodyguards.

The inaugural concert on Thursday evening for the new Bastille Opera, with Mr Georges Pretre on the conduc-tor's rostrum, will be equally private, although it will be broadcast later on French tele-vision. The main worry of the organisers is whether they will be able to pack the heads of state off before the streets are banded over to the people for Continued on Page 12

ahead of this week's Paris sum-The agreement between of the Democratic Revolution Mexico and its banks is (PRD), and the long-ruling Institutional Revolutionary regarded as likely to provide a blueprint for a debt strategy announced in March by Mr Party (PRI) both claim to have Nicholas Brady, the US Trea-

won a majority of 18 state con-gressional seats contended for in the July 2 ballot. Political passions were high in ahead of the disclosure of official parallel Back of the para Bankers said the agreement was likely to include an option to cut bank debt by an average of 35 per cent.

official results. Each of the par-ties accuses its opponent of According to bankers, the proposals would enable banks election irregularities, including vote-tampering and theft of ballot boxes. to choose from a menn of three options to help Mexico. They affect \$54bn of medium and

Mexico election results awaited, Page 4

# Siemens still keen to purchase **Plessey despite talks failure**

### By Halg Simonian in Istanbul

SIEMENS, West Germany's higgest electronics and electri-cals conglomerate, remains keen to buy Plessey, the UK electronics group, despite the breakdown last week of com-promise talks between Plessey and GEC, the British engineer-ing ant electronics group and Slemens' bid partner. Mr Karlheinz Kaske, Sle-mens' chief executive, at a

Mr Karlheinz Kaske, Sie-mens' chief executive, at a press conference in Letanbul, said the GEC-Plessey talks had collapsed because Plessey's offer to sell its stake in the GPT telecommunications joint venture had been "inade-quate." GEC and Siemens-wanted more than just GPT, but "Plessey was not ready for that," he said. In London, GEC remained confident that it would receive this week from Britain's Minis-try of Defence a draft copy of the undertakings which the company will have to accept before being allowed to launch." a new BM.

vehicle components division of Lucas industries, is plan-ning a more than five-fold increase in production capac-ity. Page 14

RACAL Electronics, UK electronics group, has sold Gispen & Staahnsubel, its Dutchbased These undertakings concern matters of security and compe-

CONTENTS

Companies :

THE MONDAY INTERVIEW

Page 18 NATIONWIDE ANGLIA, UK building society, claims house prices rose markedly in the north of England and in North-ern Ireland. Page 6

HIGH costs may push down the value Britain's nuclear power plant, which new figures given to the Government sug-gest is over-valued. Page 6

PITTENCRIEFF, Scottish oil investment company, is pur-chasing the US of and gas ssets of Seahawk Oil International. Page 18

Companies .

tition which the British Goverminent is eager to embrash Gov-contrary to embrash impres-sions. Mr Kaska emphasised that Siemens was inferented in

that Shenens was impressed in more than just Plessey's the communications business. "You absoldn't forget there are other activities which are especially interesting," he said. Mr Kaske Mentified Plessey's semi-conductors business as a particularly appealing business for Siemens in view of current demand patterns for semi-conductors.

With Britsin polsed to over-take West Germany in semi-conductor demand, it's very important (for Siemens) to have a stronger leg in this area in the UK," he said. On the surface, Siemens appears to have staked its bets on a successful conclusion of

the current talks with the Min-s istry of Defence. "The form of the undertakings is decisive in whether are take up our offer again or not," said Mr Karl-Hermann Baumsun, Siemens' director of finance.

Michael Skapinker

talks to Juan Rada

(left), director-general

Management Institute in Geneva, and widely

Europe's most innova

tive management equ-

international

regarded as one of

cators

Page 30

Crossword

48

Currencies \_\_\_\_\_\_

Eurobonds ..... Financial Diar Intl. Capital M

This process has dragged on far longer that expected, mean-ing that "it is very unlikely we would take up our bid again this buiness year," said Mr Baumann. Siemens' financial year ends on September 30.

However, the extreme cau-tion of senior Siemens execu-tives towards the bid should not be taken as any lack of

interest. Rather, the West German company is extremely autions not to trigger City of London takeover rules, which could interpret injudicious remarks as indicating a new bid is in the offing. One important fac-tor behind their patience is probably the belief that some parts of Plessey would still be available, even if the talks with the Ministry of Defence failed. - That view is underlined by That view is underlined by the fact that no "white knight" has emerged for Plassey in the eight months since the GSC-Siemens offer was launched. Siemens hints at dividend rise,

# **KELLOCK OFFER YOU 15% ABOVE BASE** RATE TO HELP YOUR BUSINESS SOAR.

long term bank debt, \$38bn of

est-Ilving business can be dragged Jown by rising interest rates But now Kellock are making funds available at only 1.5% above base rate. Are there limits? Hardy Well fund you up to 80% of the value of your sales ledger: the bigger you grow, the more funds we'll supply. Send us the coupon today. With our special brand of factoring you'll soon be leaving the competition far, far below. FT 10/7 83 Return compare to Kallack Life, Abbry Garitans, 4 Abbry Struct, Realing, Barkshire RGI 38A. 4 Abberg Struct, Realing, Berkshire RG Ekspinne 100 and ark for Prosfere Kelleck. Nome Pantin

Company KELLOCK Rea WE GIVE YOUR BUSINESS WINGS.

Page 17

.27-29

28,29

27

16

and a manager of the second second second second

United States: Putting a new accent on the

Ecitorial comments Western aid for Poland;

israels Call for unity in the wake of atrocity ... 12

12 Stock Nertets. 11 -Wall Street.

UK Gills \_\_\_\_\_ US Bonds \_\_\_\_\_ Unit Trusts

18 Weather

Less Chemicals, International banks \_\_\_\_

28

agements Why subsidiaries should be

European Community

kept on a loose rein -

Policing in the 1990s .

CARDING AND INCOMENDATION OF A DESCRIPTION

Survey: Japan

Lett

Lombard .

Observer

Management

Monday Page. Money Markets

# **OVERSEAS NEWS**

Bush bids to go one up on Gorbachev

# **UK clearance** sought for jet sale to Iragis

### By Andrew Gowers

BRITISH Aerospace is seeking approval from the UK govern-ment to sell 50 or more Hawk

The impending decision on whether to allow the deal for which BAe is competing with France – is a test of Whitehall's approach to arms sales to the Guif war combat-ants after the end of hostilities last sum

BAe confirmed yesterday it was at an advanced stage of deal, which could be worth hundreds of millions of ponnds, would probably involve local assembly in Iraq

involve local assembly in Iraq over seven years. France has also been seeking to fill Baghdad's requirement for training aircraft with the Franco-German Alpha jet. Speculation yesterday that a decision to award tha contract to BAe was imminent was dis to BAe was imminent was dis-missed as "premature" by industry officials.

industry officials. Iraq was in talks with BAe about bnying jet trainers before the Gulf war, but the deal was shelved when fighting broke out in December 1980. Since the ceasefire, Iraq has embarked on an ambitious rearmament programms, including build-np of a local industry. Scores of foreign industry. Scores of foreign companies, including BAe, took part in a military industry fair in Baghdad in April and were invited to discuss possible military joint ventures in Iraq. the Salman Rushdie affair. It was felt that a decision to relax the guidelines just for Iraq would be seen as one-sided and could fuel tension with Iran.

Since 1984, British compa-nies have been formally pro-hibited under government guidelines from supplying guidelines from supplying equipment to Iran or Iraq which would prolong or exacer-bate the conflict. The Defence Ministry in London yesterday stressed that these guidelines remain in force. It declined to comment directly on the possi-ble BAe deal but said that if such a contract were under

such a contract were under consideration, it would be treated in accordance with the

1984 guidelines. BAe is likely to argue that the Hawk - as a trainer - is not affected by the govern-ment's ban. But the deal could prove controversial, not least because of abuses of human rights, including Baghdad's renewed efforts to uproot the Kurdish population of north-

eastern Iraq. Ironically the issue is com-plicated by the fact that the UK has no diplomatic relations with Iran. It is understood that the British government - anx-ious not to miss out on the locis not to mass out on the lucrative reconstruction mar-ket — was considering relaxing its export guidelines for Iran and Iraq late last year. But internal discussion of the issue was aborted when the framians broke off ties with Britain over the Softman Bushdie affair B

where about to tend of the visa regulations. The number of people apply-ing for visas is approximately the same as the number of lit-tle American flags that the

WORLD ECONOMIC INDICATORS

16.0	DITETRI		CTION	/1096

US Jepen UK W Germeny Nethrorlands France italy	May '89 114.3 107.6	Apr '89 114.9 111.7	Mar '89 113.6 110.6	May '88 108.9 104.4	% change over previous year +6.0 +3.1	
1111	Apr '89 109,9	Mar '89 109.3	Feb '89 108.9	Apr.'88 108.7	+1.1	
	111.7	110.6	110.7	104.7	+6.7	
	108.1	101.4	104.2	101.5	+6.5	
	112.7	109.0	109.8	104.8	+7.5	
Italy	Mar '89 115.1	Feb '89 117.0	Jan '89 115.3	Mar.'88 110.6	+4.1	
				Source: (exce	of US) Earout	

A WOMAN stood outside the US Consular Section in War-saw yesterday, holding a dog-cared exercise hook in which she jots down the names of people who turn up every day requesting visas. The enormous queue outside the consulate is one of the few places in the sweltering capital where you can feel the excite-ment about the three-day visit to Poland by President George

Bush, who was due to arrive last night. Take the man from Bialys-tok, who had just arrived in town. He had his name written

in the book somewhere around the 5,000 mark. He should get into the building if he turns up again in two weeks' time. "If the President comes to visit us it's only polite to repay the compliment or he'll think and the turnscients him " he

we don't appreciate him," he remarked. He knows that around one in three applicants gets a visa allowing entry to the US, maybe to work illegally and certainly to bring back more cash from six months' work there than can be earned in Poland in a decade.

The woman from the Consul-ate was not hopeful, however, that the number of visas being issued would increase as a result of the presidential visit. Indeed, it was the view of the group clustered around her yesterday that the Americans were about to tighten up the

THE seven Warsaw Pact nations barely

THE seven Warsaw Pact nations barely managed to paper over the growing cracks between their reforming and hardline leaderships at the group's summit, which ended on Saturday in Bucharest, writes Lealie Calitt. The acrimony was compounded by a surprise session of talks held by the Romanian and Hungarian Party lead-ers, in which both sides accused each other of acting in had faith. The final

other of acting in bad faith. The final document, issued after the two-day summit meeting of party and govern-ment leaders, underscored the Warsaw

embassy has ordered to hand emassy has arened to hand out to the crowds. Indeed, a real effort has been mounted by the Americans to get the Polish Solidarity oppo-sition and their supporters on to the streets to cheer him on. to the city tomorrow. It is in Gdansk that the President and Mrs Bush and Mr John Davies, the US Ambassador, and his the US Ampassanor, and his spouse will take a light hunch at the home of Mr Lech Wal-esa's, followed by photos in the Solidarity leader's garden. The Americans obviously want to match the enthusiastic And an advertisement has been running in the opposition Gazeta Wyborcza detailing the times and places of the Presi-

A Solidarity supporter in Warsaw places leaflets publicising President Bush's visit

dent's appearances. In Gdansk, the local Bishop Tadeusz Goclowski had a letter reception President Mikhail Corbachev, the Soviet leader, gets when he goes to the West and to trump his rather lack-lustre visit to Poland last year. read out in all the churches yesterday urging people to see

Solidarity, of course, will be happy to grasp Mr Bush's hand, knowing that the US has backed their movement and that the key which can unlock the President when he comes

that the key which can unlock Poland's economic problems can only be turned in the West. Indeed, Mr Bush will hear much from both General Wojciech Jaruzelski, the Polish party leader, and from Mr Wal-esa about the need for the West to case Poland's \$39bn (£25hn) dsbt burden if the country is no steer its way out country is to steer its way out of its present crisis, free of the

Explosion 'has cut The US President is counting on a successful Polish visit, writes Christopher Bobinski Soviet gas by 20%'

A SOVIET government official has said that last month's explosion of a big pipeline in the Ural Mountains, in which

PRESIDENT Bash, in a statement prepared for his visit to Poland, said its demo-cratic changes were an inspi-ration to the world, Renter ration to the world, Kenter reports from Warsaw. "History - which has so often con-spired with geography to deny the Polish people their free-dom - now offers up a new and brighter fature for Poland," he said.

glancing expectantly the other way, towards Moscow, where the key will be turned which will unlock the country's other

will unlock the country's other political stalemate. At the end of last week, Mr Gorbachev and Mr Walesa both said on separate occasions that they would be happy to meet. If the two men do establish an understanding, Solidarity will be in a position to move into government and proceed with reforms.

reforms. In the meantime, stacks of modern telecommunications equipment has arrived in town, to relay the President'e speeches back to the US. It is more than a Polish telephone engineer can hope to set eyes on in his entire working life.

plies in June fell to 80 per cent of the planned level and that the explosion caused a daily production shortfall of 5,000 tons, or one-third. It appeared that the authorities managed to make up for some 10 per cent of the loss through other

SOUTCE Mr Chernomyrdin said that because it would not be able to fulfil some contracts with for eign customers; the Soviet Union would have to pay Ron-bles 1m (£1m) in fines and would have to spend Roubles 20m in foreign currency on repair equipment.

SHIPPING REPORT **Rush of tanker** orders fails to materialise By Kevin Brown, Transport

Correspondent

BUSINESS was quiet in the tanker market at the beginning of last week because of holi-days in the US and the prob-lems were exacerbated by a transport strike in the UK. The expected with a orders expected rush of orders towards the end of the week

did not materialise and rates

Brokers said there was little

Very Large Crude Carrier (VLCC) activity in the Middle East Gulf, the largest loading

area. Most of the business reported was for short-haul destinations.

One charterer was reported

to have paid New Worldscale 60 for a spot cargo from Kharg Island to the Red Sea but char-

terers with more flexibility

were said to be paying around NWS 55. Brokers said there was more demand from the

Mediterranean ports of Sedi Kerir and Ceyhan. The West African market for

1m-barrel vessels appeared to

have lost its momentum and

rates appeared to be heading below NWS 80 for the trip to

There was little activity in the North Sea, partly because of industrial action by mainte-

nance workers on the rigs. Rates slipped as a result and Kerr McGee was able to fix 80,000 tons to the US Gulf at Worldscale 90.

Moscow to join Iran

in oil drilling venture

THE Soviet Union and Iran

This Soviet Union and Iran will begin drilling for oil together in the Caspian Sea on August 1, Tass news agency said yesterday, Reuter reports. The offshore exploration site, 17 miles from the Iranian port of Bandar Angeli was together

the US Gulf.

£Ľ€

ある

softened

Pact's readiness to "radically reduce conventional armaments" and to engage in a "step-by-step" cutback and elimination of nuclear and chemical valida to continue to resist reforms. It also amounted to a further rejec-tion of the so-called Brezhnev Doctrine of Soviet hegemony in Eastern Europe weapons. Proposals hy President George Bush at the last Nato meeting Papandreou | The 'Wolf' main target finds power of inquiry

to reduce sharply troop levels and con-ventional weapons were also welcomed. But, more significantly, the final doc-ument set down the right of each state

illnent set down the right of each state to choose its own political system with-out external interference. On the basis of "national independence, sovereignty and the equality of all governments", each state has the right to "freely choose its way of social-political devel-opment" the document stated. Signifi-canting this exerctioned the unformer cantly, this sanctioned the reformers who want radically to liberalise the Communist system in Hungary and Poland while allowing the hardliners in Romania, East Germany and Czechoslo-

heated discussion about the reforms by ised Hungary for dangerously weaken-ing the rule of the party by introducing

Warsaw Pact summit finds a fragile unity

modus vinendi has become among the Pact's reformist and hardline members came on the eve of the summit during a Warsaw Pact foreign ministers. East Germany and Romania sharply critic-

and a reaffirmation of the policy of non-interference established by Presi-dent Mikhail Gorbachev. President Gorbachev praised the open atmosphere at the summit and suggested the alliance could one day shed its military importance, according to remarks carried by Tass yesterday. "Life changes and this organisation will change as well, but it still has a role to play," he said. An indication of how tenuous the modus vinzudi has become among the Badapest Radio said the meeting was stormy and unsuccessful. President Ceausescu, the Hungarians said,

within his



refused to talk about any of the ques-tions put forth by Mr Nyers and instead said talks could only take place accord-ing to the principles of good-neighbour-liness and international law. Zhivkov's son wins

# the Ural Mountains, in which more than 600 people were killed, will decrease the coun-try's gas supply by 20 per cent, forcing a drastic cut in gas exports and supplies to domes-tic factories and consumers, AP reports from Moscow. Mr Viktor S. Chernomyrdin, the Soviet Gas Minister, said that Soviet Gas Minister, said that Soviet consumers should conserve gas used in kitchen stoves and brace for shortages of robber and plastic goods made from the petroleum prod-ucts the pipeline carried. He said that, in all, the repairs to the pipelins would take six months. threat of strikes and demon-strations provoked by deterior-ating living standards. But, ironically, just as Poland is getting near the top of the US political agenda, there is little prospect of the West acquiescing to Solidari-ty's request for \$10bm aid over the next three years. Indeed, Solidarity is also glancing expectantly the other

month A 1,860km pipeline carrying a mixture of benzine, propane and butane from western Sib-eria to chemical factories and kitchen stoves in the country'e centre burst on June 4 as two

passenger trains were passing. An electric spark from the

An electric spark from the Trans-Siberian Railroad trains touched off an explosion and fire, incinerating more than 600 passengers 1,200km south-east of Moscow. Mr Chernomyrdin told the government daily Izvestia, in an interview published on Sat-urday, that the pipeline carried 13,500 tons of a total of 17,000 tons of liquefied gas that west-ern Siberia supplies daily. Izvestia said that gas sup-plies in June fell to 80 per cent

# FINANCIAL TIMES - GUIDE TO -----UNIT TRUSTS by Christine Stopp

FTBI

Why should you become a unit trust investor? Will a unit trust perform better than a building society account? Why unit trusts rather than shares? This guide answers these and other questions and outlines all you need to know to make an informed investment decision about unit trusts. The book provides a detailed explanation of how unit trusts work, how to choose the most appropriate trusts for your circumstances, and how to assess their performance.

The text is copiously illustrated with examples and graphs and is ideal both for beginners to this market and for the more experienced investor.

Contents include: Why should you buy a unit trust . What are you buying . Looking at performance . How to use a unit trust . Unit trusts for income . How to deal in unit trusts Getting advice 

Pricing, distributions and tax . Unit trusts or insurance bonds . The future for unit trusts . Table of management groups 
Glossary 
Index.

# Published September 1988

TELEPHON 01-799 2274 ORDER FORM Please return to: (Mail order address only) The Marketing Dept. FT Business Information 7th Floor, 50-64 Broadway, London SWIH 0DB. Tet: 01-799 2002. Telex: 927282.

Office	Title		Qty	UK Price	Overseas Price
4443 0298	Financial The to Unit Trasts ISBN 1 85334			£8.95	£11.00 US\$16.00
FT Busine I wish to p (mark che Card No.	my cheque valu ess Information pay by credit ca pice):	rei Vista []/			
order (BLOCK C/	b to order 5 or i discounts or tel NPITALS PLEASE	ephone:			
	ــــــ				
Title	00				
Postcode		Cor	intry		
Signature_		Dat	e		
Please allo perfect cos	w 28 days for dei adition and withi	livery. Refunds a 7 days of rec	are gives	a ca book	returned in

GREECE 3 new coalit government has singled out Mr Andreas Papandreou, the for-mer Socialist Prime Minister, as the main target of its criminal investigations into multi-million dollar financial

scandals, Reuter reports from Athens The coalition of conservatives and Communists easily won its first confidence vote in Parliament 174-124, clearing the way for criminal investiga-

tions and possible prosecution of Mr Papandreou and his top ministers During three days of debate before the vote, the coalition for the first time named Mr Papandreon and four of his

Papandreon and four of his most senior ministers as tar-gets in the investigations. Mr Papandreon, 70, who dominated politics for eight years with charismatic charm and fiery populist rhetoric, will be investigated in connection with a big bank embezzlement scendal More than \$200m vanished in

the scandal at the private Bank of Crete. The scandal broke last October and forced out eight of Mr Papandreou's min-isters. The affair, in which interest payments on state accounts were alleged to have been pocketed, was a major factor in his crushing electoral def at on June 18. Also named were former Public Order Minister George

Petsos, former Justice Minister Agamemnon Koutsoyorgas, former Finance Minister Panayiotis Roumeliotis and former Economy Minister Dimitris Tsovolas

The unprecedented right-left coalition, united in wanting to lift immunity from prosecution for Socialist ministers, is also considering naming Mr Papan-dreon and others in inquiries into arms sales and wiretap-ping, officials said.

# Two candidates for

Tehran election IRAN yesterday named two candidates to stand for president on July 28, but Western and Iranian analysts ruled out as ineffective the challenge to the front-runner Ali Akbar Hashemi Rafsanjani, Renter Hashemi Rafsanjani, Renter reports from Dubai. The Iranian news agency IRNA said the Council of Guardians had selected Mr Raf-sanjani, the powerful parlia-mentary speaker, and a former minister, Mr Abbas Sheibani. But analysts said Mr Shei-bani and subaraiahi

hani was only a makeweight and the main concern would be to get out as many votes as possible for Mr Rafsanjani.

clutches By John Wyles in Rome

MB Ginlio Andreotti, Italy's most durable man of govern-ment who is also known as ment who is also known as "the Wolf" and "Beelezebub", yesterday agreed to try to form the 49th coalition gov-exament since the founding of the Republic. After a rapid round of talks with party leaders on Satur-day, President Francesco Coe-sign finally turned to the clever, imperturbable 70-year-old Foreign Minister as the

old Foreign Minister as the man most likely to succeed in ending the crisis which enters its 51st day today.

its 51st day today. As the man whose govern-ment career began in 1947 as Under-Secretary to Alcide De Gasperi, the first Christian Democrat Prime Minister, Mr Andreotti leads virtually all Italy's political batting aver-ages with a reputation for indestructibility burnished by his survival of three parlia-mentary atlemation in immede mentary attempts to impeach him.

As one who has converted 10 previous attempts to form a government into five actual premierships - the first in 1976 - he will be under no illusions about the difficulties of cutting a deal with Mr Bet-tino Craxi, the Socialist leader. Without this no renewed fiveparty coalition with the Social-ists, Social Democrats, Repub-licans and Liberals is possible. But he can be confident that his chances of success are

greater than on his last attempt in March 1987 when

Giulio Andreotti leaves President Cossiga's office

he was undermined by his blocked Mr De Mita's path are then party leader. Mr Ciriaco De Mita, who resigned as prime minister in May after 13 months in office. As the author of that fine

epigram "power exhausts those who don't have it". Mr Andreotti is now profiting from the political exhaustion of Mr De Mita who abandoned his ettempt to form a second coalition last Thursday.

His decline began at the Christian Democrat Congress in February when he lost the party leadership to a majority in favour of Mr Arnaldo Forlani. This majority, of which Mr Andreotti was a part, will complete its victory when it pockets the premiership. As one of the most cynical

As one of the interview, by the in a nation of cynics, Mr Andreotti will not have been greatly surprised to find that the issues of principle which

# now melting in front of him. Above all, Mr Craxi is soft-ening his demands for a public repudiation by the Republi-cans and Liberals of their attempt to form an alliance with the Radicals, led by the violently anti-Craxi Mr Marco Pannella.

As a firm believer that noth-ing changes fundamentally in Italian politics, Mr Andreotti will see little risk in clinching his prize by offering Mr Craxi the possibility of changes such as a new electoral law or con-sultative referenda.

As a people both tolerant and contemptions of their pol-iticians, Italians will not be amazed that it has taken 50 days to arrive at a prime ministerial nominee who was always likely to succeed Mr De Mita

# EC reports progress in talks with **US over financial aid for Airbus**

### By William Duliforce in Geneva

THE DISPUTE between the US and the European Community over government subsidies to Airbus Industrie, the fourproduction.

Alfous industrie, the four-nation European airliner man-ufacturing consortium, appears to have entered a calmer phase in two days of talks in Geneva. EC officials reported that "reasonable progress" had been made on two key issues and that in contrast in acclier

and that, in contrast to earlier tense meetings, the atmo-sphere had been "excellent". The US was taking a more

realistic approach to the possi-bility of obtaining commit-ments from the four European governments to abandon all again in Washington in Sepfinancial backing for the develtember. opment and production of Air-

bus aircraft, while the Europeans were considering limits on the types of aid to civil aircraft Some movement had also

been made towards an agree-ment restricting the inducemeots governments can offer airlines to buy aircraft from their national manufacturers. But, EC officials stressed, although the two teams had tackled for the first time the substance of the issues listed by their trade ministers as far back as December 1987, the dis-cussioo had not gone beyond generalities. Officials will meet

The US complaint that the

West German government was violating the General Agree-ment on Tariffs and Trade by snbsidising Daimler-Benz's purchase of a majority bolding in Messerschmitt-Bólkow-Blohm was not raised in the latest round of talks. MBB holds Germany's 37.9 per cent stake in Airbus. The other shareholders are Aeros-patiale of France, British Aero-space and Casa of Spein.

space and Casa of Spain. A major factor in cooling the dispute has been the flood of orders for new aircraft to Boe-ing and McDonnell Douglas. The US manufacturers have lifted, at least temporarily, their pressure on their adminerning body of the writers' istration to take trade action.

### By Judy Dempsey in Vienna

promotion

THE Bulgarian Communist Party has nominated Mr Vladimir Zhivkov, the 36-year-old son of President Todor Zhiv-kov, the party leader, to head the new department of Culture

in the central committee. This is the first major party post for Mr Zhivkov, whose appointment may serve as a warning to intellectuals that they should curb their liberal thinking.

Mr Zhivkov had been expec ted to become Minister of Cul-ture after the sacking last year of Mr Stoyan Mihailov, the lib eral-minded academic who supported more media glasnost.

ported more menia giasnost. But last week, during a meeting of the politburo and State Council, the ministry was disbanded, perhaps because of disagreements over who about hand it. It was who should head it. It was merged instead with a new National Council for Education, Science and Culture.

tion, science and Culture. It is thought that several writers and even some mem-bers of the polithuro had opposed Mr Zhivkov's promo-tion, perhaps because his social activities are better known than his intellectual shility

ability. This is in contrast to his late sister, Lyudmilla, who played a prominent role in asserting Bulgaria's cnltnral and national identity during the 1970s. She was often regarded as a potential successor to her forther writh her desite the father until her death after a serious illness in 1981. Since then, Mr Zhivkov has

given greater public promi-nence to his grand-daughter,

17 miles from the Iranian port of Bandar-Anzali, was identi-fied by Soviet geophysicists from Azerbeijan, Tass said it gave no details of the size of any possible oil reserves. Moscow and Tehran last month signed wide-ranging agreements to hoost compute nence to his grand-uaughter, Yevgenya. The politburo has also set up a department for the mass media which will be headed by Mr Gencho Arabadzhiev, a senior and somewhat uncom-promising editor on Rabothi-chestro Delo the party daily. agreements to boost economic co-operation to the end of the century in a remarkable warming of relations.

The changes follow a series of congresses of the writers' and artists' unions, in which intellectuals displayed unprec-edented opposition to their unions' passive leadershipe

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates S365.00 per annum. Second-class post-age and at New York NY and at addi-tional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

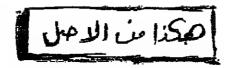
Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark, Telephone (01) 13 44 41. Fax (01) 935335.

Published by the Financial Times (Europe) Lud., Frankfurt Branch, repre-sented by E. Hugo, Frankfurt/Main, and, as members of the Board of Direo-tors. F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frankfurter Societaets-Druckerez-GrubH, Frankfurty Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SEI 9HL.

FINANCIAL TIMES

edented opposition to their unions' passive leaderships. Last year, scores of intellec-tuals broke ranks with the authorities by supporting the independent environmental Ruse committee which had been set up by Mr Georgi Mishev, a prominent writer, among others.

Despite his expulsion from the central committee and the subsequent sacking of Mr Stefan Prodev, the liberal edi-tor of Narodna Kultura, both were recently voted to the gov-



# **OVERSEAS NEWS**

# 'Useless women' claim upsets Japanese voters

By Stefan Wagstyl in Tokyo

1Ú

÷ 3

NEW WERE CONTRACT

. . .

11111

1anke

ails 10

8- 77

1.4

٩,

A LEADING member of Japan's ruling Liberal Demo-cratic Party has caused a storm in the country's current national election campaign by declaring that "women are use-less in the world of politics". Mr Hisao Horinouchi, the agriculture minister, also said Mrs Takako Doi, chairman of the opposition leaves Sciencia

the opposition Japan Socialist Party, would not be equal to the job of prime minister because "she is not married and has no children".

and has no children". Mr Horinouchi was com-menting on recent election vic-tories by the Socialist Party, which has many female candi-dates and supporters. Even though Mr Horinouchi subse-quently withdrew his remarks on the orders of LDP leaders, his apeech seems certain to anger women voters, who have already deserted the scandal-ridden LDP in large numbers. Speaking on Friday night at a meeting of LDP supporters, Mr Horinouchi said women's main job was to keep house. "It is wrong for women to come to

is wrong for women to come to the forefront of politics. Mrs Thatcher, the Britisb prime minister, is an exception, but she has a husband and children. Mrs Doi does not and so she will not be able to serve as

ures in Japanese history, Mr selection of Mr Sousuke Uno, Horinouchi added: "A nation the current prime minister, had been strongly criticised, he said. The next leader should will fall when a woman becomes a ruler." About 260 instead be elected in a poll of people were at the meeting in a party Diet members. Mr Kanemaru's comments were widely interpreted as a barely-veiled attack on Mr rural constituency in Mie prefecture in western Japan - a third of them women.

Mr Horinouchi's speech was made on the third day of the campaign for elections to the Diet's upper house, which are to be held on July 23. The LDP is fighting to avoid losing its overall majority for the first

is fighting to avoid losing its overall majority for the first time in more than 30 years. LDP leaders ordered Mr Hor-inouchi to withdraw his remarks. He did so half-heart-edly at a press conference in western Japan, saying he had not meant to attack Mrs Doi personally. Later in Tokyo, Mr Horinouchi apologised unre-servedly. servedly.

servedly. Mr Ryutaro Hashimoto, the LDP'a secretary general, yea-terday tried to regain the ini-tiative by attacking the opposi-tion parties' plans for a Socialist-led coalition which might take over the govern-ment from the LDP. But his thunder was stolen by Mr Shin Kanemaru, an LDP elder statesman, who said in a speech that the ruling party Buildings, walls and roads were damaged. The injuries were mostly caused by falling furniture and bousehold objects.

other at 11.10am

Lzu, an earthquake-prone dis-trict, has been regularly hit by spates of thousands of barely-perceptible earthquakes, stud-ded with larger ones. in the latest outbreak, there have been 19,000 earthquakes since speech that the ruling party should stop choosing its lead-June 80, of which 342 bave been severe enough to be felt by humans. Citing notorious women fig-

**F** OR months now it has been increasingly clear that the reha-bilitation of Mr Nelson Mandela and other black nationalists incarcerated since the early 1960s was mainly a question of time and circumstance. But last week's unexpected interven-

tion by President P W Botha could complicate a complex and delicate exercise designed to set in train talks between the South African government and a cross-section of black leaders. The conventional wisdom was that

be was one of the few party leaders not to have been involved in the Recruit scandal but who bas since been the process would begin in earnest only after the September 6 general elections. The ruling National Party, under Mr F W de Klerk, its new leader, is facing a tough challenge from both right and left. Anxious not to alienate any poten-

dragged into a sex scandal. • Meanwhile, adding to the left. Anxious not to alienate any poten-tial voters by dramatic pre-poll initia-tives likely to stir up controversy, the party seemed unlikely to make any move until they were safely back in power - or so the argument went. Had President P W Botha not suffered a mild stroke last January, and were he still the man leading his party into these elections, there is little donbt that the conventional wisdom would have • Meanwhile, adding to the general air of uncertainty, 21 people suffered minor injuries when two earthquakes yester-day struck the Izu peninsula, a tourist area west of Tokyo. The two earthquakes, measuring 5.5 and 5.3 on the Richter scale, composition of each

came within a minute of each the conventional wisdom would have proved correct.

proved correct. But Mr Botha now exercises his enor-mous presidential powers without the party responsibilities which used to go with them. He misses no opportunity to undermine the prestige of Mr de Klerk, and has made abundantly clear that he intends to use his remaining months in

power to enhance his own standing in the history books. Ironically, the man who only two years ago destroyed the "fiberal" Pro-gressive Federal Party at the May 1987 general elections by accusing them of

being soft on the "terroristic and com-munistinspired" African National Con-gress (ANC), and who bounded businessmen, academics and politicians who dared to visit the exiled organisawho dared to visit the exhet organisa-tion, is now the man who has invited Mr Mandela, the long-imprisoned "trai-tor" and "terrorist", for tea at Tuyn-huis, the Cape Town seat of the presi-dency. The gesture is an extraordinary personal and political voite-face for Mr Pathe arith are used underlabeled access Botha, with as yet uncalculable conse-quences for the forthcoming elections.

Botha makes his bid for the history books

Anthony Robinson on the 'unthinkable' Tuynhuis tea-party with Nelson Mandela

quences for the forthcoming elections. Looking beyond the personal factor, however, the historic Tuynhuis tea-party, unthinkable even a year ago, fits comfortably into the broader pattern of negotiation and reconciliation unfold-ing in southern Africa, a pattern as potentially significant for the continent of Africa as Soviet glasnost and peres-trolka is for Europe and Asia. Significantly, Mr Botha's tea-party upstaged another significant develop-ment this weekend. This was an announcement that the presidents of the four most important black political and trade union organisations would

and trade union organisations would meet on neutral ground later this month. The first aim of the talks is to end over three years' violence in Natal, but the gathering will also seek to create a possible united front in future power-sharing negotiationa with the white minority government. Several rounds of talks to seek an end to the Natal bloodshed have already

to the Natal bloodshed have already been held by representatives of Inkatha, the Zuhn movement led by Chief Buthe-lezi, the United Democratic Front (UDF), the anti-apartheid coalition, and the Congress of South African Trade Unions (Cosatu).

The next stage will be the direct involvement of the ANC for the first time at a meeting, tentatively scheduled for London. This should bring together Chief Buthelezi and Mr Oliver Tambo, the ANC leader in exile, who have been enemies since 1979.

Neither the date nor the "neutral" venue for the proposed meeting has been fixed. But at the annual congress of Inkatha at Ulundi over the weekend, Chief Buthelezi referred to a draft docu-ment prepared for discussion.

lthough he could give no details until the document had been

A libough he could give no details approved by the ANC. Chief Buthelezi said: "I can see future histori-ans tracing a whole new political era, and in fact the final collapse of apart-heid, to this very document and to the united action it has made possible." The first sign of an impending rap-prochement between Inkatha and the ANC came through a personal letter sent by Mr Mandela to Chief Buthelezi in April. The jailed ANC leader, who will turn 72 on July 18, called for a joint effort to stop the Natal slaughter and "reatoration of the cordial relations which existed between you and Oliver Tambo and between the two organisa-tions in the seventies".

Tambo and between the two organisa-tions in the seventies". These efforts by black leaders to heal the domestic rifts in the black body politic, exacerbated by decades of apart-heid divide-and-rule policies, reflect the upbeavals in South Africa's external environment over the last 12 months.

After years of war, South African troops have pulled ont of Angola; the phased withdrawal of 50,000 Cuban troops is under way; UN-monitored

Namibian independence process is back on schedule; reconciliation talks are being held between the MPLA government and Unita rebels in Angola, and Reparto rebels in Mozambique. For white South Africans in general,

and the ruling National Party in partic-ular, the withdrawal of 50,000 heavily-armed Cubans, coupled with the closure of ANC and Swapo bases in Angola, represents a lifting of the sense of encir-clement and "total onslaught" which was used to legitimise domestic repres-

sion for decades. The new generation of National Party leaders, relieved of the former military pressure and anxious to return to interpressure and anxious to return to inter-national financial and political respect-ability, recognises that this requires internal reconciliation through power-sharing negotilations not only with "tame" blacks, but also with those such as Inkatha and the ANC who have a definite following in the country. The main effect of the Tuynhuis tca party is to change perceptions about the possible time-scale for these oegoti-ations, which will almost certainly be preceded by lengthy "talks about

preceded by lengthy "talks about talks". Speculation is now rife that President Botha could well order the release of Mr Mandela, and possibly such other jailed leaders as Mr Walter Sisulu and Mr Ahmed Kathrada, before he formally hands over the seal of office

in the first week of October. He would certainly go down in his-tory for that. But he would also ensure that his successor, Mr de Klerk, would have to hit the ground running if the expectations now being unleashed were to be realised in an orderly fashion.

Australia, EC at odds on Pacific grouping

**AUSTRALIA** and the European Community exchanged strong words on Saturday after the EC asked to be an observer in a proposed group for Pacific regional co-operation.

Public and private state-ments by an EC commissioner and officials from Brussels showed serious concern that the participation of the United States and Japan in the group would leave the Community isolated in international trade negotiations as well as in actual trading.

The Australians said the EC's request was "cheeky." They countered that the group's aim is only to improve the openness of international trade rules.

The public exchanges follow a closed door meeting of the two delegations on the last of

By Peter Ungphakorn in Bandar Serl Begawan, Brunei group for Pacific co-operation

the EC could not accept "pre-fabricated decisions" made without EC participation. Mr Matutes said that if the group forms a collective position for negotiating in the Uruguay round of multilateral trade talks, the spirit of the General Agreement on Tariffs and Trade (Gatt) would be violated

On Friday, Mr Gareth Evans, Australian Foreign and Trade Minister, announced his Government would host an exploratory ministerial meeting, probably in November, to dis-cuss the co-operation proposal. The invited countries would probably he the Asean six, the US, Japan, Canada, New Zea-land and South Korea.

The US Secretary of State

IF YOU'VE GOT SHARES TO SELL  $A' \cap AR$ 

Why stick your Share Certificate in the post and hope for the best?

You probably won't know what price you're getting until

after you've got it.

And you could wait anything up to three weeks for your money.

Unless you use NatWest Stockbrokers Dealing Service.

You don't have to be a NatWest customer. Just walk into one of our 260 Instant Dealing Branches and we'll deal with you in no time.

A touch-screen terminal will show you the best market price.

A press of a button will sell your shares.

A click and a whirr from the computer and you'll have a cheque in your hand. Not in the post.

But what happens if you can't get to one of the Instant Dealing Branches?



vs of co юп п Brunei between the six foreign ministers of the Association of South-East Asian Nations (Asean) and their counterparts from six industrialised dialogue partners - the other four are the US, Japan, Canada and New Zealand

Mr Juan Abel Matutes, EC commissioner for North-South relations, warned Asean foreign ministers against turning the planned co-operation "into a caucus for co-ordinating the trade policies of players enjoying a preponderant position in world trade."

He told reporters later that because almost half the EC's external trade is with the countries named as a possible core

also urged Asean to join the group but Asean ministers say they want to know more and they expressed a concern that their own organisation would be overshadowed.

After his talks with Mr Matutes on Saturday, Mr Evans said the EC request to be an observer was "a little cheeky" because the EC had spent the previous two days trying to block the establish-ment of what would be a geo-graphical regional group.

He denied that a common stand for the group in the Uru-guay round would violate the spirit of Gatt. The 12 European countries already speak as a single voice in Gatt, he said.

international conference is to

open under French sponsor-ship, including the Cambodian factions, the five permanent members of the UN Security Council, the members of the

Association of Southeast Asian Nations, Vietnam and other

The conference will try to establish a comprehensive set-

tlement for Cambodia, but there is no consensus on how

to keep the Khmer Rouge from gaining power if allowed to participate in a coalition, or

from sustaining a prolonged civil war if kept out. The Prince said however that "China will not accept a

bipartite Hun Sen-Sihanouk

mment and neither will

# Sihanouk optimistic over conference on Cambodia

countries.

PRINCE Norodom Sihanouk, the Cambodian rebel leader, arrived in Paris yesterday and said he would work for the success of an international peace cess of an international pears conference on Cambodia planned later this month, AP reports from Paris. "If things go well, there is no reason it should not succeed,"

Prince Sihanouk said. "It will succeed." Prince Sihanouk, the former Cambodian chief of state, is planning to meet Mr Hun Sen, the Prime Minister in the Vietnamese-backed Gov-ernment, on July 24 in Paris. The next day, the talks are to be expanded to include rep-

resentatives of the Khmer Rouge and the Khmer People's National Liberation Front.

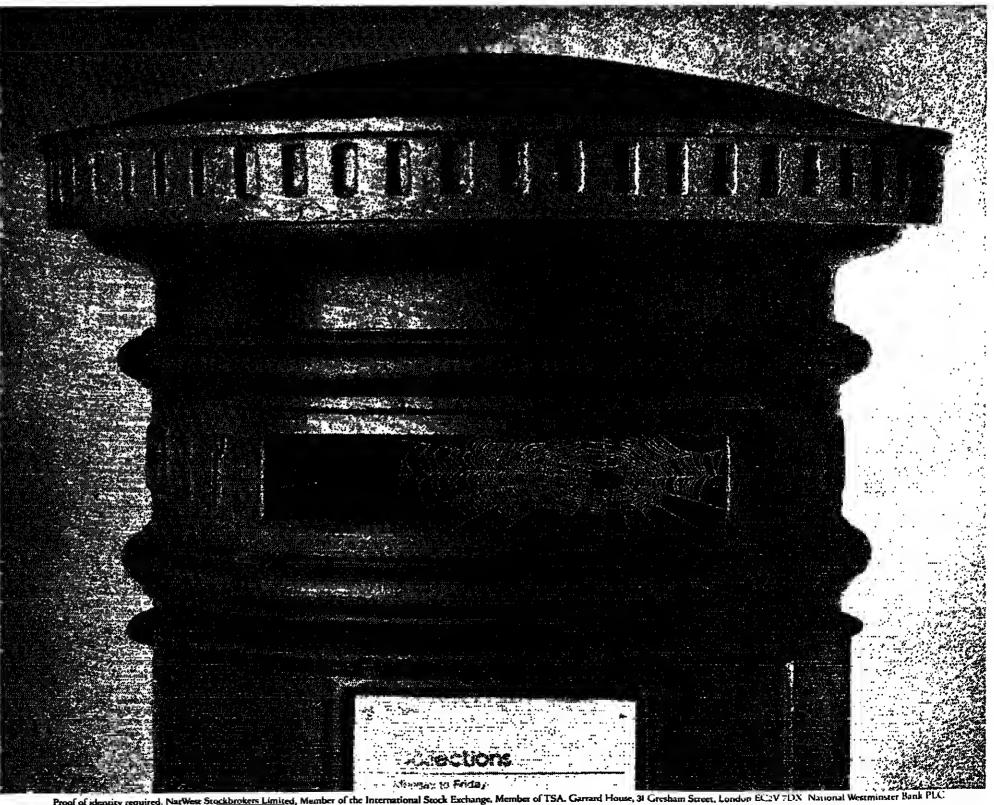
The following week, the





Well, providing you hold an account with us you can sell your Abbey National shares through any NatWest branch. Now that's what we'd call a first-class service.





Proof of identity required. NatWest Stockbrokers Limited, is a member of IMRO. Remember that the value of shares can go down as well as up.

# **OVERSEAS NEWS**

# **UK NEWS**

# Americans put new accent on EC

# Tim Dickson on a US company's plans to sharpen its Euro-business

MERICAN companies are sometimes described as the only true pan-European companies. The description reflects the well-tried practices of big, iong established US multinationals. Companies such as Ford have built integrated European production systems run from regional headquarters that have long viewed the continent as a single market. Though such companies are

well placed to benefit from the 1992 process, many are discov-ering that to take full advantage of it requires a shift in culture and approach. Honeywell Europe, for exam-

ple, has long had a ratiooalised European production and distribution system, including a single huge warehouse to sup-ply its goods across the region. But since 1987 the process con-trol company has none the less been undertaking a painstak-ing and methodical strategy to meet the challenge of 1992, initiated by Mr Jean Pierre Rosso, Honeywell Europe's chairman. This effort is directed from a

self-consciously small Euro-pean Community affairs office by Mr Walter Di Pretoro, a company vice-president. The approach has been to mobilise people in the field, first by setting np a task force drawn from all parts of the group's European organisation, then by establishing project teams to ensure staff participation down the lina.

"My main conclusion," says Mr Di Pretoro, "is that the European single market is another business variable thet the whole organisation has to deal with, like a new technological development, a new marketing methodology or a new competitor

"I do not think it should be viewed as an isolated phenom-enon, which is why we are trying to make preparations for 1992 the responsibility of every-

The original decision to take a close look at implications of the Single European Act came soon after the sale of Honeywell's business computer interests to the French com-pany Bull - a move which paved the way for its renewed emphasis on controls and automation, ootably in residential and commercial buildiog, industry, asrospace and defence.

Honeywell Europe was establisbed in Europe in 1934, when it set up a sales company in the Netherlands. Today it boasts 14 manufacturing units in six EC member states. It employs 11,000 people throughout Wsstern Europe (90 per cent in the EC) and chalked up sales last year of well over Ecu 1bn. The company does its internal billing in Ecus.

According to Mr Di Pretoro, Honeywell's 1992 programme consists of two distinct if overlapping stages. The first involved a large

"We took three factors into account," explains Mr Di Pre-toro, "the potential impact of internal awareness, education and motivation campaign and motivation campaign which is not yet complete and which he says can only be con-sidered successful "when peo-ple start looking for the rele-vant information themselves." The vital stage 2 - inspiring the issue on our own company; the probability that the issue would have an impact on Honeywell (would the relevant directive or regulation be implemented?); and the likely timing of lis introduction. Each was given a mark from one to five, with five the most important and one the least Honeywell (would the relevant began with detailed analysis by project teams of directives important, and at the end of proposed in the Commission's 1985 White Paper. The aim was this the three numbers were multiplied together." to define the main issues fac

The European single market is another business variable, like a new competitor or a new EUROPEAN technological development'

ies to score 100.

While Mr Di Pretoro notes that "the potential impact on ing the company, set objectives and priorities, and establish a coherent corporate plan for putting them into action. our company was a vitally important part of the exercise", it is interesting to note that acquisitions and alliances,

Eleven potential areas of activity were identified - techreduction of inventories, and retention and acquisition of people were the only three nical standards (or product harmonisation), research pro-jects, marketing, public pro-curement, transportation, tele-Distribution and pricing, improvement of deliveries and European corporate identity communications, financial and fiscal, business laws. external trade, human resources, and public affairs and public rela-

MARKET

were among a group given 30, while options for tax reductions and public procurement/ "We had the choice either to create staff in the public affairs defence came bottom of the list unit and broadcast their con-clusions throoghout the organwith 16 and 6 respectively, In what ways has Honeywell isation, or to get people throughout the company already responded to the EC's on the research side, the group has made a conscious decision to seek participation

involved straightaway so that they could then pass on the message to their colleagues," explains Mr Di Pretoro, "We in EC research programmes like Brite, Esprit and Comett. (In Esprit it is one of the partchose the latter." Thus the leader of the technical standards team is direcners in a new home of tha future project.) "The main reason," stresses tor of engineering in West Germany, the managing director of a Belgian affiliate is in Mr Di Pretoro, "is not the money. A desire to network charge of spreading the word with other companies, the opportunity to identify market-ing trends at the pre-competiabout public procurement, and external trade issues as they relate to 1992 are handled by the vice president of Honeywell's Nordic activities. tive research stage, and our

eagerness to be seen as a good All 10 are members of Honeyweil's Single European European corporate citizen are more powerful incentives than Market Co-ordination Council, the cash." which meets once a month to In marketing, meanwhile, pass on ideas and ensure that Honeywell is considering the

Menem pledges 'major surgery'

each is informed about what implications of the dismantling of barriers on distribution and the others are doing. The council's main task so far has been to decide on priorpricing. itles – a process which began with identification by project leaders of 37 "sub-issues" and their individual weighting on the basis of three simple tests.

"We want to be sure that our products are available at the same price. Otherwise dealers will shop around," explains Mr Di Pretoro. The company encountered the case of a Dutch customer

who merged with a French dis-tributor. They found they were buying the same products from Honeywell - gas valves that control boiler emissions - at different prices. Honeywell had to cut its price to the French company, losing profits in the

"If we had known, we would have been in a position to explain or take avoiding action ourselves, because there are often objective reasons such as different tax rates for these dis-crepancles. Wa are now engaged in a cross-examination of our European pricing, but with 20,000 families of products it is obviously an ongoing pro-cess and will take time."

cess and will take time." Honeywell is taking a close look at its sales territories. At the moment they are organised on the basis of political bound-aries. In future they are likely to be more closely defined by market need. (France and Bel-gium, for example, have already been merged, with one manager for both.) The recent unsure of politi-

The recent upsurge of politi-cal interest in local content has been noted within the company. "We make 80 per cent of what we sell in Europe," says Mr Di Pretoro, "but for some products we obviously buy in components. We want to make sure that in all cases the Euro-pean percentage is abova 50 per cent. . . We have so far found a list of about 15 product families that could be described as suspect."

As for transport - seen by senior management as "inven-tory on wheels" - Honeywell's studies show that stocks can be reduced by 30 per cent with an overall saving of \$50m in financing costs alone.

"We reckon we can eventually go from using our present 280 carriers to no more than 20," says Mr Di Pretoro.

There will be less difficulty crossing frontiers, so the carri-ers will take less time, and the rules that force us and other companies to use local firms will ultimately go. Also the current waste that comes from current waste that comes from lorries not being able to pick up loads on their return jour-ney should be removed as a result of the proposals being drawn up by the Commission. We will be able to carry more volume at lower prices."

# Industries count cost of missing containers

# By Richard Donkin

THE manufacturing and THE manufacturing and retailing industries are spend-ing millions of pounds a year replacing missing and stolen packaging — from shipping containers at the larger end of the scale to beer casks, bread baskets and milk bottles in the domestic market.

Increasing concern in the shipping industry has led the International Maritime Burean to send an officer to Africa to investigate the disap-pearance of containers. It has been unable to discover how many containers have gone missing from the world total of 4.7m 20ft units in circulation in 1987.

According to Mr Kenneth Luck, assistant director of the IMB, the containers, which cost about \$3,000 (£1.840) each, are often retained on delivery of goods by importers who

"forget" to return them or claim them with the goods. Others are stolen, often with their contents, and sold on for storage or, with the addition of a window or two, for make-shift homos shift home

One of the main problems in the domestic packaging mar-ket is the theft of steel and aluminium beer casks and kegs which is costing the brewing industry £20m a year. Kegs have been sawn in half to make garden seats and have been found donbling up as yachting buoys.

Smelting down the kegs, which sell for between 250 and £150, has attracted organised crime which is believed to have taken most of the 250,000 kegs missing each year from the 10m in circulation.

A £10,000 industry reward for information leading to the conviction of keg thieves and the employment of a security company led to the recovery of 12,000 kegs in six months to the end of March.

The black market in plastic bread baskets is costing the large bakeries between £5m and 16m a year, according to the Federation of Bakers. It said that last year its members lost more than 1m baskets, over half the retail stock.

The federation blames the losses on small bakers' shops "borrowing" baskets for their own use, or throwing them away, and on theft by traders who grind them up and sell the plastic for recycling. In the pallet trade there is a

black market in used pallets. The number of pallets that go

# Study by Bank of cushion against Third World debt

# By Stephen Fidler, Euromarkets Correspondent

THE BANK of England is reviewing the complicated credit scoring system used as a guide for provisions British banks should make to cushion against possible losses on loans to problem debtor countries.

The review of the so-called matrix, which has been essentially unaltered in the two years since it was introduced, is likely to increase expecta-tions that British banks will have to make higher Third World debt provisions.

While a revised matrix does not necessarily imply higher provisions, Bank of England officials have made no secret of their belief that, while up until now the level of UK bank provisions has been adequate, the balance of probability suggests that banks will have to establish higher provisions against developing country loans.

The matrix uses a variety of tests - such as whether a borrower is current on interest or whether a country has an International Monetary Fund programme – to establish a

behind on interest and has credit score used as a guide for provisioning. The Inland Reve-nue also uses the matrix as a mide for the transition delayed repaying some letters of credit

10

guide for what provisions should be allowed against tax. In broad terms, UK clearing banks have made muching Of the large Latin American or the large Latin American borrowers, only Brazil, Mexico, Colombla and Chile are roughly current on repayments to banks. Brazil declared last week in broad terms, UK clearing banks have made roughly 35 per cent provisious against their Third World loans, but their exposure is widely varied. Midland, Lloyds and Standard

that it would delay some pay-ments to creditors in a bid to replenish its foreign reserves. Chartered are considered the three big UK banks likely to be hurt most by big provisions. In the last two years, the cre-ditworthiness of many third replenish its locage reserves. But bankers said on Friday that they had received interest payments on some medium-term Brazilian dsbt, supporting the Brazilian Government's assertion that it did not intend

world borrowers has fallen. Argentina, which owes \$35bn (£21.5bn) to commercial banks, any debt moratorium. Mexico's 15 leading bank, creditors appeared to be set-tling for a financing package offering the option of debt prinhas paid only about \$100m of interest since April last year and is more than \$3bn in arrears on interest.

Ecuador is two years' behind on payments on its \$6bn of debt to banks, although it cipal or interest reduction of an average 35 per cent in nego-tiations last week with Mexico, that are expected to flesh out the US debt initiative launched made a \$15m payment last month, while Peru has not paid in March. However, Lloyds has banks since 1985 on \$5bn of debt. Vsnezuela, which owes more than \$25bn to creditor been one bank arguing vocifer-ously against such deep disbanks, is more than 90 days counts.

Lucas Automotive will increase production of anti-skid brakes

daces 20,000 units a year, but

Lucas, in common with

# **By John Griffiths**

LUCAS Automotive, the vehicle components division of duction will be allocated. Cur-rently, the Weish facility pro-Lucas Industries, is planning a the majority, 60,000 a year, but the majority, 60,000 a year, are produced at a Lucas plant at Koblenz in West Germany. However, soaring costs of man-ufacturing in West Germany make it unlikely that further significant investment in such more than five-fold increase in its capacity to produce anti-akid braking systems for cars. The move will bring expansion to plants both in Britain and on the Continent.

Investments to raise annual output of such systems from systems will be made at Kobthe current 80,000 units a year lenz. to 500,000 annually are planned in two stages, over the next four years, at Lucas Automo-tive's Kenfig Hill plant in rivals such as Robert Bosch and Alfred Teves of West Ger-many, regards braking systems South Wales and at a continen-tal site, probably in France or as potentially one of the most valuable automotive .compo-

Mr Bob Dala, managing director of Lucas Automotive, declined to comment on the precise amounts of the planned decade investments.

He indicated that the money systems of the future, Systems of the future, according to Mr Dale, will pre-vent skidding under accelera-tion as well as braking, and will be integrated with other would be spent mainly on sophisticated production equip-ment which would be unlikely to create significant additional employment. It is not yet decided how pro-

**ITV 'to hold advertising revenue'** 

electronic components in the car to become a complete "brake-management system." Such are the perceived safety benefits of anti-skid systems that the companies believe there is a possibility they will become a legal requirement on cars.

Mr Dale made it clear that these developments are already signalling tha end of the cheap, mechanically-based anti-skid "stop control system," which Ford and Lucas jointly pio-neered on the Ford Escort range three years ago.

The stop control system is nent sectors over the coming being made available on Ford's recently-launched new Flesta That is partly because the systems themselves are on the brink of becoming much more sophisticated, offering the pros-pect of higher values and profrange, but will disappear from the Escort range when the current model is replaced in about a year. The replacement car will be

fitted with an electronicallycontrolled system, expected to be similar to a system which has been developed by Lucas for installation on Fiat's Tipo hatchback range.

"Since the US networks

earned all-time record real rev-

enues in 1988, that cannot be bad news for ITV," Mr Buck

adds.

missing every year is not known but probably runs into By Raymond Snoddy

# explain cash curbs

**Brazil** to

### By ivo Dawnay in Rio de Janeiro

BRAZIL WILL today begin a new diplomatic initiative almed at minimising the adverse impact of its move last week to introduce restrictions on the outflow of foreign capital to protect its foreign exchange Mr Marcilio Marques Mor-

cira, ambassador to the US, arrives back in Washington after consultations in Brasilia with orders to explain the decision as a protective mea-sure aimed at stabilising the economy before November's presidential election.

A week ago Brazil introdnced new rules requiring prior central bank authorisa tion for all exports of foreign exchange, including remit-tances of companies' profits and dividends

It followed the move by announcing that interest pay-ments falling due on its \$112.5bn (£70bn) commercial bank debt could be delayed, depending on the state of its foreign reserves – believed to stand at about 55 m stand at about \$5bn.

But the non-payment of a tranche of interest due to the Paris Club group of sovereign creditors was ascribed to tech-

nical problems. Mr Moreira told the Financial Times at the weekend that Brazil still hoped the IMF might agree to overlook missed targets on cutting its public sector deficit.

However, most commenta tors believe the IMF will not grant a waiver that would allow relief of a further \$600m in bank funds and additional institutional loans.

Withont a waiver, Brazil will almost certainly not meet a \$2.38bn interest payment due to banks in September. The ambassador's main task

now is to persuade creditors to give Brazil breathing space to complete its transition to

He will point to several positive recent economic indica-tors, including a healthy trade surplus, rising industrial output and falling unemployment.

Foreign creditors, however, are likely to express continuing concern over rising infla-tion, now 25 per cent a month, and a public sector deficit expected to exceed four per cent of gross domestic product at the year end - at least two points above the IMP target.

THE NEW government of President Carlos Saúl Menem, Mr Menem's prodecessor, Mr Ratil Alfonsin, left a legacy of 100 per cent monthly inflation, stagnating industry, rising promising "major surgery, without anaesthetic", was to announce harsh austerity measures last night to comhat Argentina's worst ever eco-nomic crisis, Reuter reports unemployment and a crushing

\$60bn foreign debt on which Argentina has made no pay-ments for 15 months. from Buenos Aires. The tongh-talking Mr Menem, sworn in on Saturday, "The Argentine economy has a noose around its neck, there is no more time to hesitate," said in his inaugural speech to Congress: "We're going to pul-verise this crisis. (Argentinal will undergo a tough, costly and severe adjustment." Mr Menem said in his 52-minute speech to Congress. The flamboyant former gov-ernor of an impoverished

Arriving at Government House yesterday morning, he told reporters that to care the northwestern province, who led his Peronists to a landalide victory over the ruling Radicountry's ills, "We should concals in May 14 elections, gave no details of his plan, although he promised to crack down on duct major surgery without anaestheti

The new Economy Minister, Mr Miguel Roig, was due to present the plan in a televised speculation and corruption of public officials. announcement last night. Senior Peronist Party mem-

By Lucy Conger In Morelia, Mexico

**POLITICAL** passions mounted in Michoacan state at the weekend ahead of the disclo-

sure of official results that are

meant to resolve the outcome of the first serious electoral

contest between Mexico's sec-

ond-strongest party, the newly formed Party of the Demo-

cratic Revolution (PRD), and

the long-ruling Institutional Revolutionary Party (PRI).

Both parties claim to have won a majority of 18 state con-gressional seats contended for in the July 2 ballot, and each accuses its opponents of elec-tion irregularities, including vote-tampering and theft of

vote-tampering and theft of

The two leading opposition parties mobilised supporters for the elections in Michoacan

and Baja California, to prevent

the vote fraud common in Mex-ican elections for decades.

They are a big test of Presi-dent Carlos Salinas de Gortari's ability to uphold his oft repeated commitment to

ensure fraud-free elections and

move the country towards gen-

More than 40,000 PRD sym-pathisers marched through the

streets of Morelia, Michoacan's

capital, on Saturday to press the PRI-run government to

ballot boxes.

uine democracy.

The Peronist sources said Mr Roig, a former executive of Argentine multinational Bunge y Born, was seeking last-min-nte support from industrial bers said the measures would include massive increases in public ntility rates, a six-fold rise in petrol prices and a 50 leaders for a pact to hold prices for the next four months. per cent devaluation of the bat-But they said if no agreetered Austral currency, which has already lost over 95 per ment was reached, the govern-

Mexican election result awaited

recognise the party's victories. Rariler in the week, the PRI acknowledged the victory of the right-wing National Action

Party in the governor's race in the northern Baja California

state, the first time in 60 years

Mr Cuauhtémoc Cárdenas,

the PRD's national leader, challenged the government to run a clean vote-count by open-ing ballot packets to public

The final vote count was being conducted yesterday

being connected yesteruay under the gaze of army troops, with ballot boxes and tally sheets from polling places opened and the election results due to be verified at 18 District

Electoral Commission offices.

Riot police stood guard out-

side the Morelia Sur District Electoral Commission. Across the street, more than 30 PRD sympathisers from Morelia and environs stood vigil in an

effort to prevent tampering with ballot boxes.

itants in Michoacan are recent defectors from the PRI, some

observers feel both parties are equally capable of altering the

vote count. The PRI bas con-

Noting that leading PRD mil-

the ruling party has conceded a governorship to an opposi-

tion candidate

scrutiny.

ment could slap on a compulcent of its valua against the US sory price freeze. dollar this year.

Prices stampeded further in the days preceding tha handover of power - the first from one elected president to another in 61 years - as factories and traders hedged against expected price controls.

The economic crisis, described by Mr Menem as the worst in Argentins history, boiled into violence in May in bloody food riots that killed 15 people and injured hundreds. Political and labour leaders

have warned of more upheaval if he fails to bring quick relief for the 8m Argentines living below the poverty line.

Mr Menem has promised a sharp increase in the minimum wage which, at the equivalent of \$36 a month, barely covers a poor family's food bill in a country once known as tha ket of the world.

Mr Menem has surprised both opponents and supporters with his tough talk on the economy and the appointment of businessmen and political opponents to top economic jobs.

ceded PRD victories in four Michoacan congressional dis-tricts, but its claims that it

holds "consolidated victories" in 11 districts seem to indicate

that conceding a majority of seats to PRD is a political

impose

.

mpossibility. The electoral dispute for the

Michoacan state congress has bitter undertones. The PRI lost Michoacan to Mr Cárdenas, the

state's favourite son, in the

July 1988 presidential elec-tions. He now has a national following and, in less than a year, cataputed his fledging four-party coalition, which later became the PRD, into the nation's second strongast elec-

nation's second strongest elec-

toral force. Many PRI militants fesl betrayed by senior PRD leaders who defected from the PRI, in

who detected from the PRI, in a protest over non-democratic practices, to form the new party. PRI does not consider PRD a "loyal opposition" party liks the PAN, which is ideolog-ically distinct from PRI and

has regional stronghoids, par-ticularly in industriallsed,

northern Mexico, but has not

taken root nationwide. PRD and PRI both claim to embody

the ideals of the 1910 Mexican

Revolution, which gave rise to the PRI regime.

### Some lorry drivers sell pallets to street traders who will pay about £1.60 each for a pal-let which costs about £7 new. which costs about £7 new. The trader then sells the pallet hack to a retailer who is probably losing pallets from the "lorry trade" in the first place. **Recycling** receptacles has kept one company in legiti-mate basiness for years. The

dairies set up a joint company, Milk Vessels Recovery, as far back as 1919 to return the pile of Welsh milk churns that built up in Hyde Park because of the rail strike after the First

World War. The company, which now has seven depots nationwide, returns about 45m milk bottles a year to their home dairies

But the dairy industry in England and Wales still has to replace about 600m milk bot-tles a year at about 6p each from the manufacturers.

THE ITV companies should maintain a dominant share of sovertising revenue to the end of the century even though competing channels will eat into their audience share, a new study predicts.

The study, to be published later this summer, has been undertaken by Mr Stephen Bnck, gronp director of research at AGB Research, the andience measurement company. It concludes that satellite and cable channels are unlikely to segment the market and attract specialist advertis-

ing to any significant extent. Mr Buck has looked at the US experience with multi-channel television to try to predict what will happen in the UK when a much greater choice of channels is available to ths consumer.

Since 1970, the audience share of the three US networks - NBC, ABC and CBS - has

fallen from almost 90 per cent "It does not appear possible in practice to appeal heavily to to almost 60 per cent and the trend is still downwards. Yet a small population subgroup or over the same period, the net-works' share of national adverconversely to provide the kind of programming that reaches everyona but very lightly in terms of viewing," Mr Buck tising revenues has fallen only

from 60 per cent to 50 per cent. Although the share of reve-nue has declined, the actual argues. The AGB research director thinks it unlikely that the ITV amount has increased significantly in real terms; for examor Channel 3 companies, as ple from \$5.1bn in 1980, to \$6.5bn last year at constant they will become, will jointly take a lower share of revenue in the year 2000 than the Amer-1980 prices. The evidence from the US, ican networks do now.

where the average household can receive 22 television channels, suggests that television seems to work in a completely different way from magazines.

With the exception of those Such an analysis could help channels which are aimed at stimulate increased interest in strategic stake-building or ethnic minorities, US cable channels with low household friendly acquisitions in ITV penetration are watched less in the households which receive companies in advance of the competitive tendering process them than are the major chanfor the next round of commercial broadcasting licences.

Meeting small brokers' objections Barry Riley on sub-contracting London equity market transactions

ent

cheaply.

nels.

oping Taurus, the pro-posed paperless settle-ment system for London equity market transactions, is now planning to authorise a new type of independent processing, sub-contractor to overcome the objections of certain small stockbroking firms to the new "dematerialised" arrangements.

house to outside banks and other financial institutions.

Under the sub-contracting scheme, small companies will be able to work in conjunction with independent or bulk "direct account operating con-trollers" (DAOCs) and avoid having to cope with advanced technology and new administrative burdens.

Brokers will be able to opt to become DAOCs themselves, and most large companies will in practice do so. But some small firms have objected that they do not have sufficient capital or technological resources to take oo the responsibility. At the same time, they have

been reluctant to sub-cootract the administration of client accounts to the banks, for fear

ing of business. Some small brokers havs

represented the Taurus plans as being an attempt by the big battalious to increase their domination of the securities industry. They have feared that in order to cope with the new responsibilities in connec-tion with Taurus, they would have to increase their charges and possibly become uncomsibly faulty or incomplete information supplied by the clipetitive.

According to Mr Ross Find-lay, a leading Scottish private chient broker, who is on a Taurus joint working party of the Scottish unit of the Stock Exchange: "In the initial stages these fears were perhaps justi-fied. They are not justified TOW

Mr Findlay is convinced that the latest version of the Taurus system will benefit sven pri-vate chent brokers. "It must ultimately help the private client that we can bring down the bargain cost," he says. He warns that the existing system will clog up badly again

should a boom in busin umes, such as was seen in 1987. recur. The potential for disruption has been increased by the losses of experienced settlement staff in recent quiet conditions.

A director of Edinburgh brokers Robert White, part of the Hill Samuel group, Mr Findlay

says Taurus promises to reduce dealing costs for bro-kers by 40 per cent. It will also diminish the settlement risk arising from the mismatching of bargains, while the ability to cut the delay in settlement from the current three weeks or more to only five days will serve to reduce working capi-tal. In addition, client portfolio records will be more accurate than they are now, because years. they will no longer rely on pos-

first step towards linking into

Taurus. Various systems are now available from software houses to enable this to be tackied relatively simply and chemily

ment for various broking firms. But according to its chief executive, Mr Stephen Pinner, the promoters of Taurus have to overcome the dis-belief which market profession-als have attached to the proposals in the past couple of

Meanwhile, Mr Findlay is pressing for action. "We are pro-Taurus at Robert White," he says.

"Certainly there is a lot of work to be done. But we would like them to keep to a good timescale rather than dragging their heels." S mail broking firms are urged to set up client nominee systems as a

C . A possible target for initial implementation is the date of payment of the final call on the Electricity issue in the spring of 1992. This is the point at which either conventional which either conventional share certificates will have to be issued or, alternatively, 24. 14. shareholdings will go on to an electronic register. Taurus will initially apply in

Many broking firms already have such nominee systems, which can fairly easily be upgraded into DAOCs, a comprehensive way only to new issues. For other shares, holdings will be dematerialised after transactions, hnt not upgraded into DAOCs, although at additional expense. However, where they are unable or unwilling to do so, large organisations, such as Lloyds and National Westmin-ster Banks, are now thought to be ready to establish bulk DAOC facilities. Another operator consider until then.

Institutional shareholders. however, will be able to have their own accounts on SEPON, the central Stock Exchange nominee system. What will eventually happen

Another operator consider-Another operator consider-ing whether to set up indepen-dent DAOC facilities is Secu-rity Settlements, a small specialist firm handling settleto the certificated shares of private investors who hold them for years without dealing has yet to be decided.

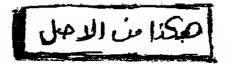
na

DU

.

HE COMMITTEE devel-oping Taurus, the pro-posed paperless settle-that once the banks acquire details of their clients there will be the possibility of poach-

The proposal is being made in the context of urgent moves to get the long-stalled Taurus programme off the ground by ths snd of nsxt year. Last week, for example, the Stock Exchange made an unprecedented offer to cede a majority stake in an electronic clearing



# **UK NEWS**

# Institutions **Industry complains about** predict **British Gas's tariff policy** soft landing

# By Max Wilkinson, Resources Editor

THE OFFICE of Gas Supply, the industry watchdog, is being urged to take further action following allegations that British Gas is continuing to abuse its monopoly in the industrial market.

llOn

ebt -

crease

akes

n 2012) g

 $\sim 22$ 

120

24

1.7

- Fig

12 5

 $\gamma^{+}$ 

the state of

11 A T 👌

1. 1. <u>1</u>.

1. A. 1994

· · y

venu

1.1.1.1 . . . . .

1.00

े आहे.

The complaints have been made by the Energy Intensive Users Group, which represents the largest customers in eight industrial sectors. They say British Gas intends to cut some customers off when it is not strictly necessary, to encourage them to switch to higher tariffs required for guaranteed supplies.

Ofgas is said to be putting pressure on British Gas to rethink its position and not cut off customers unless there is a shortage of supplies. The larger customers have

told Lord Young, Trade and Industry Secretary, that Brit-ish Gas is seeking to evade the spirit of a recent Monopolies and Margers Commission find-ing. This said the company must publish a schedule of industrial tariffs and must

centre in £1.8m

expansion deal

Computing

allow customers to choose whether they want to pay-extra for guaranteed supplies or are prepared to tolerate some interruption of surply in exchange for a lower price. Previously British Gas had exercised discretion as to

whether it would supply cus-tomers with cheaper "interrup-tible" gas. It had often sought guarantees from a customer that it had the capability of switching to alternative fuels

switching to anernative meas before it would grant an "inter-ruptible" supply. However, Mr. James McKin-non, director general of Ofgas, argued that it was none of Brit-ish Gas's business to enquire about alternative facilities at a customer's premises. The monopoliea commission endorsed this view, ruling that British Gas must cease to discriminate between different customers wanting interruptible supplies.

Now, the users' group has told Lord Young that British Gas is seeking an alternative method of deterring customers

for economy from taking the chesper "interruptible" contracts. By Michael Prowse

It says the corporation is insisting that customers with THE BCONOMY will experience a "soft landing" next year, the UK's leading interruptible" contracts will be cut off for periods of up to 21 days. Many industrial users believe this is contrary to the conomic forecasters say. An average of the latest An average of the latest forecasts from 22 institutions - 11 City and 11 non-City -compiled by the Treasury, shows growth of gross domes-tic product slowing from 2.5 per cent this year to 2.3 per logic of interruptible contracts, which were originally designed to give utilities flexibility during peak demand, allowing

ing peak demand, allowing them to economise on peak load capacity. British Gas has confirmed it intends to interrupt supplies to this class of customer, even when there is no gas shortaga. Ofgas and the monopolies commission are both consider-ing the complaint. Although Ofgas would say only that it was looking into the facts, Mr McKinnon is thought to be cent next year. This marginal slowdown is This marginal slowdown is accompanied by a projected decline in inflation from 6.1 per cent to 5 per cent between the fourth quarters of this year and next year. The car-rent account deficit is expected to decline from £15.7bn this year to £13.6bn next. Unem-ployment rises slightly - from 1.78m in the fourth quarter of this year to 1.86m in the same period next year. The City forecasters are McKinnon is thought to be of industry on this subject. The Energy Intensive Users

Group represents companies in the cement, ceramics, glass, steel, artificial fibres, paper and board, chamical and non-ferrous metals industries.

substantiate the suggestion.

# **Observer returns to fray** with owners of Harrods

## By Raymond Snoddy

page with a report alleging that the Fayed family - own-ers of the House of Fraser, the

retail group that includes Har-

rods - were negotiating a deal with the Inland Revenue over

non-payment of taxes. Mr Michael Cole, spokesman for

the Fayed group, said the story was part of an "unprecedented

four-year campaign of vilifica-tion by the Observer.

Mr Cole added: "We have

three libel actions against the

Observer and there is every

possibility that a fourth will

By Ian Hamilton Fazey, Northern Correspondent THE Observer yesterday returned to the issue of Har-THE NATIONAL Computing rods, only days after its inde-pendent directors warned that Centre has signed a land leasing contract with Manchester City Council to extend its the newspaper's reputation was being tarnished by its extensive coverage of the One independent director,

headquarters, in a £1.8m expansion that should create about 100 technology jobs. Mr John Aris, NCC director, who asked not to be named, reaffirmed last week the cen-tre's commitment to Manchesexpressed "great surprise" at the newspaper's resumption of ter as its headquarters, in spite hostflitles. The Observer led its front

of growth at its London office. Annual staff turnover in London is about one in three in the computer industry, com-pared with the centre's Manchester experience of one in eight because of a more stable environment, better quality of life and cheaper cost of living. NCC has regional offices in Birmingham, Belfast, Bristol and Glasgow, already employ-ing 500 people. It used to receive Government support, but now survives entirely from private sector and government fees and from subscriptions.

their non-City counterparts -anticipating GDP growth of 2.4 per cent and inflation of 4.9 per cent next year. The average of the non-City fore-casts shows growth of 2.2 per cent and inflation of 5.1 per The non-City forecasters are join them. He described the story as a "masterpiece of innuendo with

less bearish about unemploy-ment, however. They expect dole queues to average 1.80m during the last quarter of next year – the city economists project unemployment of very little in the way of facts." Mr Mohamed Fayed was qnoted in the Sunday Tele-Both groups project a mod-est decline in the current graph as denying the allega-In its report the Observer

est decline in the current account deficit to £13.6bn next year. The City economists expect a slight decline in the Chancellor's budget surplus to £15.8bn next year, while the non-City forecasters anticipate a slight increasters anticipate said it was threatened with an injunction by Mr Michael Chance, deputy director of the Serious Frand Office if the paper published confidential correspondence between gov-ernment departments. The a slight increase to £16.2bn.

### injunction threat was removed Share option limit to when the paper gave assur-ances it would not do so. rise from September

The Observer story came THE AMOUNT which employees can save in comless than two weeks after the paper's independent directors employees can save in com-pany share option schemes is to be raised by £50 a month from September 1, the Trea-sury has announced. looked into allegations that stories on Middle East arms deals had been written at the behest of Lonrho, the company

The Chancellor said in his Budget speech in March that it which owns the Observer. The independent directors found there was nothing to was planned to raise the limit from £100 to £150 a month.

By Paul Cheeseright, Property Correspondent CAMDEN Borough Council this weekend moved a stage further towards defining the kind of planning permission it is prepared to grant for Europe's biggest inner-city development at King's Cross in north London. It held its second formal con-

sultation with local residents and interest groups abont a planning application lodged by London Regeneration Consor-tium for a \$2bn development of 9.44m square feet of commer-cial and residential space on 134 acres. The consultation is a form of

The consultation is a form of pressure on the consortium to change its plan, which is heavily weighted towards the provision of office space: 6.95m sq ft against a minimum of 1.3m sq ft of housing, 330,000 sq ft of retail space, 360,000 sq ft of leisure facilities, 200,000 sq ft

sq ft for a hotel. The council and the consortium are both seeking a negoti-ated solution to differences over what the development should contain. The principle of development on derelict rail-

way lands is not in question. The consultation was designed to help the council refine its attitude towards the consortium proposals. Its basic position is that there is too much development planned for the site and that more atten-tion should be paid to the pro-vision of housing and commu-

vision of nonsing and commu-nity facilities. The council is also con-cerned about the effect of creating a new community on the local transport and high-way network, especially in the light of King's Cross's future role as a terminal serving

### of industrial space and 250,000 cross-Channel trains. Local community groups, under the umbrella of King's Cross Railways Lands Community Development Group, are arguing for less intensive development than that proposed by the consortium. They seek a greater stress on

housing and industrial space and believe this would provide a modest but adequate profit for the consortium and more closely meet the needs of the local community. But for the consortinm, made up of Rosehaugh, Stan-hope Properties and NFC Prop-

erties, a high proportion of offices is necessary to generate a commercial return from the

The consortium has already adjusted its original plans to reduce the size of the development and cut the office content

King's Cross scheme moves a step further

council and consortium can agree on the scope of development, an outline planning permission could be granted early next year and construction could start in late 1990, lasting until 1997. But this schedule would

by more than 500,000 sq ft. If

depend on British Rall Prop-erty Board, present owner of most of the site, settling a legal wrangle with St Bartholo-mew's Hospital, owner of 125 acres of it until 1846. The latter claims ownership of its former land under the terms of a stat-ute setting aside the land for railway use. The schedule also depeods

on the smooth passage through Parliament of the King's Cross Railways Bill which would give authority for a new station. This bill is now at committee stage in the Commons.

Jobs lost as

# **Treasury expects 'hard choices'**

### By Philip Rawstorn

THE Cabinet will meet on The City forecasters are slightly more optimistic on growth and inflation than their non-City counterparts -Wednesday amid conflicting economic and political pres-sures to set the framework for next year's public spending

Treasury ministers have already sounded several warn-ings that "hard choices" will have to be made in negotia-tions during the next few weeks over departmental bud-

Mr John Major, Chief Secretary to the Treasury, has insisted that so long as infla-tion is rising - and another small increase in the rate is expected to be announced this

week - the Government can not "rush in with our cheque £14bn surplus have been rising as the Government has run into political difficulties on

books flapping." The Cabinet is expected to come up with a formula that several fronts and Labour has extended its lead in the opinion Polls to 13-14 per cent. Fears among Conservative backbenchers about the politi-cal impact of the introduction sticks closely to the £179hn already pencilled in for the

some of the Government's

# Labour to attack stance over electricity

By Philip Rawstorne

LABOUR leaders intend to mount a concerted attack in the Commons on government moves to counter amendments to the Electricity Bill that were carried by the Lords.

The tactics are aimed at ensuring a wider exposure of the Government's environmental policies and promoting Labour's own "green" commit-

ment among voters. When the legislation to pri-vatise the electricity industry returns from the Lords to the Commons later this month, focal points of the attack will

watte in the second

be amendments expected from Mr Cecil Parkinson, the Energy Secretary. The first will trim the exten-

sive powers which a Lords amendment gives the Electricity Regulator to promote energy efficiency and conserva-tion. The second is expected to provide government guarantees on the costs of de-commisstoning nuclear power stations and commissioning new ones. Mr Tony Blair, Labour's

A team of Labour strategists, will this week consider a detailed analysis of the motives of the 2.29m people energy spokesman, said yester-day that the nuclear power amendment would be "an outwho voted for the Green Party in the European elections.

microwave demand falls By Richard Tomkins. Midlands Correspondent

A SHARP downturo in UK demand for microwave ovens has triggered nearly 100 job losses at Wagon Industrial, the Shropshire-based manufactur-

ing group. The redundancies will affect employees at factories operated hy Wagon's Edward Rose sub-sidiary in Brownhills, West Midlands, and Telford, Shropshire.

Edward Rose's main activity is making vehicle components, hut it also supplies metal pressings for the bodies of microwave ovens made by two Japanese companies in Britain, Mr John Hudsoo, Wagon's chief executive, said high UK interest rates and the conse-quent slackening in consumer mand had led to a downturn

in microwave oven sales. Consequently, one of Edward Rose's Japanese customers had taken to manufacturing oven bodies itself, while the other had sharply reduced orders.

Mr Hudson sald that although the 95 redundancies had been precipitated by the loss of orders, he had been unhappy about Edward Rose's efficiency since the company war comined in July lost man was acquired in July last year. The redundancies are to take effect after the holidays.

# of the poll tax in England and Wales next year are now adding to the political pressures on the Treasury. A growing number of Con-servative MPs is joining in demands for an extra £1hn from the Government to ease the initial effects of the

rageous open-ended guarantee

of public subsidy to what will

Labour's attack will spear

head a wider critical assault in

the coming months on government environmental policies.

to expose government short

comings on "green" issues and strengthen Lahour's creden-

tials as the real "green" party.

be a private sector company."

tor

1990-91 programme hut allows some scope for extra spending on priority areas. Departmental ministers, however, are unlikely to secure anything like the additional total of around £10bn that they

are seeking, mainly for trans-port, health, education and social security. Demands for the spending of

# SIEMENS

# Thanks to Siemens technology, you've probably heard from some of our customers already.

The Littlewoods Organisation, British Gas and The Bank of Scotland all have one thing in common

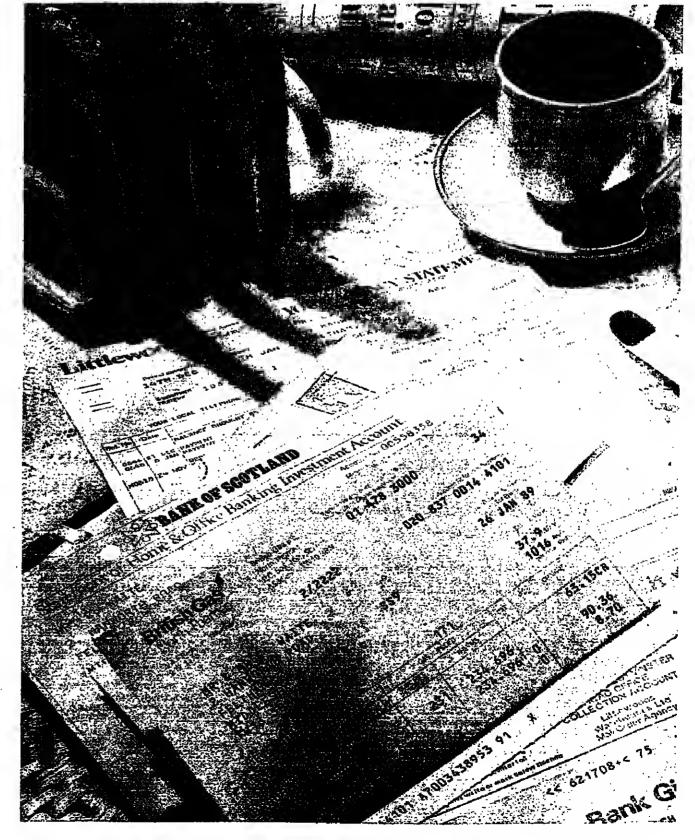
a well deserved reputation for the quality of their service. A service which includes regular communications with all their customers.

They all have something else in common - ail three use Siemens to help them maintain speed and accuracy in those communications. Siemens laser printers provide them with a unique combination of speed, visual quality and versatility

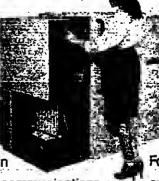
across a wide range of applications, including printing on pre-coated and heat-sensitive materials.

So when you're browsing through the morning's mail, you'll be receiving the right information at the right time, every time.

For more information, please telephone Siemens on 0932 785691.



Innovation · Technology · Quality : Siemens



sidering ways of limiting the exposure of National Power, the company which will inherit

the CEGB's nuclear assets, by loading much of the decommis-sioning risk on to British Nuclear Fuels Limited (BNFL),

the private limited company

Ministers are also consider-ing how much they can inflate

ing how much they can innate the nuclear asset values by use of the levy. National Power wants the levy to be set at a level which would give it a nuclear profit of about £250m per year. However, this would make the nuclear assets worth

only abont £3bn, assuming a rate of return on assets of 8 per

cent, the figure now used for nationalised industries. Ministers are therefore faced

with a write-off of up to f6bn.

If they were to listen to those arguing that the nuclear levy

should not be used to inflate asset values, the write-off would have to be much larger.

A decision on bow the

Mr Barnes is being accompa-nied on the visit by Mr Hum-phrey Temperley, chairman of a consortium of 24 local

1

 $\tilde{D}$ 

1:12

٠~؛

٠.....

2.5

-92

111

1~ 2-

 $\gamma_{\Sigma}$ 

911 g

с. С.

owned by the Government.

# **UK NEWS**

# **Rail unions appear divided over** response to fresh BR proposals

# By John Gapper and Philip Stephens

BRITAIN'S rail unions last BRITAIN'S rail unions last night appeared divided over their response to British Rail's offer of fresh talks on pay on the eve of an overtime and rest day working ban by drivers that is likaly to add greatly to

rail disruption. Commuters, especially in the south east around London, will face further difficulties this week if both main rail unions week if both main rall unions stage industrial action in pro-test at plans by the state rail-way management to impose a pay settlement and alter collec-tive bargaining procedures. Mr Neil Milligan, general secretary of the drivers' union Aslef, said his union was will-ing to talk to BR about the

ing to talk to BR about the Railways Staff National Tribu-nal arhitration in favour of an 8.8 per cent pay award for white-collar staff.

The National Union of Railwaymen, the largest rail union, has insisted it will only talk to BR at the conciliation service Acas on the twin issues of the imposed 7 per cent pay award and the ending of national pay

bargaining. Leaders of Aslef, the NUR and the Transport and Salaried Staff Association (TSSA) white-collar union are to meet today to discuss tactics in the

A NATIONAL dock strike is expected to halt work at 60

British ports today following

the expiry of the joint national

bargaining machinery covering Britain's 9,400 former regis-

tered dockers. The strike was called after

the Government decided to end

the National Dock Labour

Scheme, which guranteed dock

workers a job for life. Both the National Associa-

tion of Port Employers and the Transport and General Work-ers Union (TGWU) yesterday predicted a united strike from

midnight tonight. The TGWU said it believed the strike could

industrialists, however, hope

to limit damaging effect of a

strike and importers in indus-tries such as food and commod-

ities have already built up

Importers started stockpiling

reserves in April when the abo-

lition of the scheme was first

put on the parliamentary

agenda. There is now believed to be a slx-month buffer

against import supplies drying

last six months or more,

extra stocks.

By John Gapper and Ian Hamilton Fazey

dispute. The TSSA wants to meet BR to discuss the tribu-nal's pay arbitration in its favour. The outbreak of industrial

time ban.

unrest in British industry will escalate at midnight tonight when 9,400 dockers formerly registered under the National Dock Labour Scheme are called out on strike by the TGWU

general workers' union. BR said it was willing to discuss the tribunal's decision, although it would not commit itself to paying 3.8 per cent to all its 130,000 staff. A meeting with the unions willing to dis-cuss pay alone could take place this afternoon. The fourth one-day strike by

NUR members over pay and national bargaining is due to take place on Wednesday. BR warned yesterday that up to a third of Southern Region trains could be hit by the Aslef over-

Mr Richard Rosser, TSSA general secretary, said the union wanted to meet BR to discuss pay following the tribunal decision. He believed his members would accept an 8.3 there is severe disruption.

did not attach conditions to it. Aslef has treated tha two issues of pay and bargaining

Railways: closed by dispute

separately so far in the dispute. The union is likely to ballot its membare on further industrial action this week unless BR amends its attempt to end national bargaining.

BR said peak-time commuter trains would be worst affected by today's Aslef action. It has made contingency plans to close cramped stations such as Charing Cross in London if

Mr Paul Channon, Transport Secretary, and Mr Norman Fowler, Employment Secreper cent award provided BR tary, will meet early today to review the situation in the rall dispute. Later Mr Channon is expec-ted to face tough questioning in the House of Commons on the Government's response to the strikes and overtime ban. He and his junior ministers are due to take a range of trans-port questions during some 40 minutes in the House. Mr Robert Adley, vice chair-man of the Conservative trans-

port committee, is to ask whether the minister has any plans to meet the railway unions again to discuss Gov-ernment investment.

Mr Adley yesterday critic-ised the Government's non-in-tervention policy. He said: "I am not aware

that it is modern Tory philoso-phy not to talk to the trade unions. If it is, I hope that philosophy is changed. "I hope that where there is a

chink of light, the Government will use all its efforts to try to bring about a settleme

But there was no indication yesterday of any change in the Government's approach to the rail and other disputes. Mrs Thatcher is not expected.

to call another meeting of the wider group of ministers now involved in the handling of the disputes before Wednesday.

# High costs may push down the Shortage of skills has value of nuclear power plant little impact By Max Wilkinson, Resources Editor

## **By Michael Prowse**

HIGH costs may push down the value Britain's nuclear SKILL shortages continuing to affect British manufacturers but the effects power plant, which new figures given to the Government suggest is over valued and not worth the £9bn claimed by the in most cases are minor, according to a survey by the Confederation of British Indus-Central Electricity Generating try and the Training Agency published at the weekend. Board, the state power supolier. Bankers say that the new valuations would make the plant difficult to sell. Estimates

The most acute shortage is of professional engineers: 26 per cent of manufacturers reported a shortage in 1988 but only one in 10 said that output had heen constrained signifiof negative or very low asset valuea reflect three adverse factors. • Fears that teething troubles with the the latest Advanced

The proportion reporting a shortage was significantly higher than in 1987, but the effect on output was judged to

be less severe. Capital goods industries were most affected by the scarcity of engineers, with one in five saying that shortages had had a significant or severe effect on output. Overall, nearly half the com-

panies questioned said they per cent. had been unable to meet their skill needs during the previous

year. More than 80 per cent had tried to recruit staff and three-quarters had retrained existing employees. More than half had improved pay and conditions in an effort to meet their skill

Apart from engineers, shortages were experienced of machinists, computer and management personnel, electri-cians, and sales and financial

reported significant effects on output as a result of shortages

severe . Shortages of computer and

Engineering, motor vehicle and transport equipment com-panies reported shortages of maintenance electricians. Diffi-culties were being solved by

lower levels. Shortages of sales staff were said to have had a big impact on output. A third of companies surveyed had experienced a high turnover of sales per-

However, reported shortages of financial staff had little effect on output.

skills survey was carried out last November, skill shortages and recruitment difficulties in manufacturing industry appeared to have eased.

CareerVision and London

April and are planning three

The university has a consul-

tancy fee and profit-sharing

arrangement with Career-

Vision. Mr Brian Steptoe, direc-

more over the next year.

and ignores the nuclear levy which, the Government says, will be imposed after the industry is privatised. This will be paid by all non-nuclear genera-tors connected to the main

electricity system. However, even on more optimistic assumptions about the recovery of convalescent AGRs, the other factors bring the value of the nuclear assets far below the present net replacement cost value (after depreciation) of £9.3bn. The Government is therefore

faced with the difficulty that the valua assigned to the nuclear assets when the CEGB is privatised will need to be pushed up artificially by the nuclear levy. Ministers are considering fix-**Gas-cooled Reactors (AGRs)** may be prolonged into late ado-

• Huge increases in the esti-mated costs of decommissioning and nuclear fuel re-processing this at about 15 per cent, which would have yielded a total "nuclear tax" of \$360m in • A sharply increased cost of capital from the 3 per cent (in real terms) now earned by the industry to a target rate of 8 1987-88, the latest year for which accounts have been pubwhich accounts have been pub-lished. This assumes an aver-age wholesale price for power of about 2.9p per kWh, which industry executives say is likely after privatisation. Ministers are therefore con-

A negative value of several bundred million pounds is con-sidered plausible within the nuclear industry will be reval-ued for privatisation is expec-ted to be announced quite industry, although it results from a "worst case" calculation soon, possibly this week.

# Hinkley N-inspector to visit Chernobyl

### THE inspector leading the changes in safety regulations inquiry into a controversial

since then. The decision by Mr Barnes to make the five-day visit fol-lows the large amount of evidence, some of it conflicting, he has received about the accident

Opponents of the £1.47bn Hinkley Point C station say the accident showed that nuclear power is too dangernus, in spite of the differences in reactor-design and safety regula-tions used by the Soviet and UK nuclear industries.

was difficult to sit comfortably.

able without phys

ton of groceries.

The board wants to build a pressnrised water reactor (PWR) nuclear plant at Hink-ley Point, on the Somerset

# rise faster in the north

**By Nick Garnett** 

HOUSE prices continued to rise substantially in the north of England and in Northern Ireland during the second quarter of the year, according to the latest Nationwide Anglia house price index, published today.

Mr Terry O'Snllivan, national officer, said the union did not object to productivity In the northern region, from increases but they had to be related to pay and the bench-mark figures had to be achiev-Cumbria to Teesside, prices rose by more than 13 per cent, by almost 12 per cent in the north-west and by almost 10 The union said that recent surveys had shown that over 74 per cent of operators got regular beadaches, 65 per cent per cent in Scotland. However, the rate of increase is starting to slow in these areas while prices in London suffered eye strain and 57 per and the rest of southern cent neck strain. In an average four hour shift, each lifted a England continued to stagnate during the past three-month period. Several big supermarket The extensive report does chains have introduced bench-mark figures for checkout not refer to indications that in London and parts of the southoperators to try to cut queue lengths. The Electronic Point of Sale equipment has allowed precise monitoring of workeast, prices have actually fallen by np to 20 per cent below last year's levels for some properties. It says prices rose in East Anglia by 1.2 per cent during the last quarter and by up to 2 per cent in London and the Home Counties "although in some pockets prices have

up, leaving Britain better placed to withstand a lengthy dock strike at its largest ports than it was when Liverpool and London dockers tried to orchestrate a national unofficial stoppage last month. Imports will continua to arrive at most ports because since April shippers have been perfecting the means of bypass-ing ports that were in the scheme. They have used non-

scheme UK ports for smaller vessels and French and German docks for larger ships of over 20,000-tonnes, from where UK bound cargoes are trans-shipped in smaller vessels or

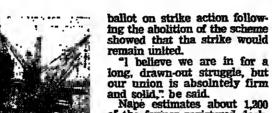
There are also doubts about Sheerness dockers would join whether dockers will strike at Sbeerness in south-east England. The dockers there

their customers would probawere the first to reach a local bly take legal action to stop any picketing of non-striking ports by dockers from other ports. But he believed it would agreement to replace the National Dock Labour Scheme and voted on Friday not to

steward at Sheerness, said he could not predict what dockers at the port would do. Mr



Mr Bob Baulch, TGWU shop

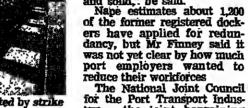


Baulch told the TGWU biennial conference last month that the

Mr Nicholas Finney, director of Nape, said port employers or

not be necessary this week.

# Mr Bill Morris, TGWU dep-uty general secretary, said the strength of the second national





ballot on strike action follow-ing the abolition of the scheme showed that the strike would

"I believe we are in for a

try - the joint bargaining body for dockers - will be dis-solved today. The TGWU is pressing for a new national ement with port employers to replace the terms of the sonnel

raised on education

By David Thomas, Education Correspondent

TGWU Shop stewards meeting in London on Saturday called for union members in other industries to refuse to handle cargoes from striking ports, but TGWU leaders have repudiated any action that could create another legal dis-

new nuclear power station in western England is due to staff. leave for the Soviet Union Six out of 10 companies today, where he will visit Chernobyl, scene of the world's worst nuclear power accident. Mr Michael Barnes QC, the of machinists. Nearly one in 10 rated the effects as being

management staff had a rela-tively minor impact on output. Recruitment difficnities reflected pay and conditions which were being improved. Engineering motor valicle

retraining and recruitment at

The CBI says that since the

inspector conducting the Hink-ley Point C nuclear power sta-tion inquiry in Somerset will be studying the emergency pro-cedures which followed the accident, in April, 1986, and talking to Soviet officials about

**By David Green** 

Supermarket targets 'threaten operators'

### By Our Labour Correspondent

ATTEMPTS BY supermarket Mr Doug Russell, Usdaw's health and safety officer, said chains to raise the productivity of check-out operators using laser-scanning tills could lead the type of scanners being used by Safeway were forcing mainly female operators to twist and turn a lot because it to a rise in the number of people injured by repetitive strain, the sbopworkers' union Usdaw claimed yesterday.

Usdaw said that benchmark rates for the number of items scanned per minute by opera-tors, which have been intro-duced by Sainsbury and Safe-

# authorities opposed to Hinkley Point C, Mr Crispin Aubrey, advocate for Stop Hinkley Expansion, a regional opposi-tion group, and Mr Bob Tivey, a Central Electricity Generat-ing Board official.

# **House** prices

# Graduate recruiting tough Cross-border plans for pharmaceutical sector

by road and ferry.

walk out.

### **By Peter Marsh**

BRITAIN's pharmaceutical industry, one of the country's largest and most successful science-based industrial sectors, believes it faces deepening prohlems in its efforts to attract graduate scientists to its labour force.

The industry employs 15,000 scientists, making it one of Britain's biggest private sector employees of such graduates. It spends about £700m a year on researcb and develop-ment – nearly a fifth of its

Recruitment difficulties are occurring, the industry believes, partly because of the general shrinkage in the pool of graduates caused by demo-graphic trends. Another factor is increased competition hy other sectors such as financial institutions for science-trained graduates

The industry also reckons there is a particular problem in

cricketcall\*/

attracting bright school leavers into science courses in univer-sity, a factor which eventually reduces the pool of graduates in science emerging into the labour force.

A survey of the UK's largest drug companies by The Associ-ation of the British Pharmaand expects the numbers to stay about constant. centical Industry, the main trade body for the industry, reveals widespread concern that during the 1990s it will be unable to find enough good people to fill the 500 or so new

bs a year likely to be offered ence graduates for research to graduate scientists. The difficulties affect virtuand development jobs, said it was being forced to pay "over the odds" to attract good peoally all the main UK-based

drugs companies, including large British-owned groups such as Glaxo, Imperial Chemi-Salary levels being offered to naw graduates recruited this cal industries, Beecham and Wellcome, together with non-Britisb companies such as year were between £12,000 and £12,300 per annum - significantly higher than the £11,000

Switzerland's Ciba-Geigy. Disciplines where the indus-try believes graduates are in

increasingly short supply include chemistry, blology, pharmacy and pharmacology. The industry has engaged about 500 graduates a year in these fields over recent years

Beecham said it was having to work harder to employ new graduates. Last year it man-aged to engage only 90 of the 120 or so it was seeking. Glaxo, which is aiming to employ this year about 80 sci-

that Glaxo was offering new graduates of last year's in-take.

CROSS-BORDER joint ventures in graduate recruit-ment are under way or planned by British, US and French joint to students, are highly success-recruit-ful in the UK but up until now have been unknown in the US. organisations with an interest in education.

This is a further sign of the growing concern over graduate recruitment because of fears about the decline in the number of young people expected in most European countries and the US in the 1990s.

tor of the university's careers tor of the university's careers service, hopes the service could earn up to \$100,000 (£61,576) a year from the deal, although its prime purpose is to extend his organisation's experience. CareerVision is a newly-formed subsidiary of Millicom - the entremenguial US com-Some employers are already reacting to a tighter graduate labour market by extending graduate recruitment activities outside their home base. This growth in international

recruitment activity is now beginning to be matched by organisations which supply - the entrepreneurial US com-pany best known in the UK for educational services. its cellular telephone interests.

London University has already entered into an agree-It is addressing the US student market by distributing a magment with a US company, Carazine free to more than a mileerVision, under which the university's careers organisalion students and cashing in on the intense advertising interest tion is helping to introduce graduate recruitment fairs into the US.

Vision's president, was in the UK last week, partly to study the potential for a similar ven-Recruitment fairs, where employers promote themselves ture in the UK.

ALL UK investment firms

an adequate amount. Fimbra is the self regulating

organisation within the finan-cial services regulatory frame-

work responsible for regulating independent financial advisers

and the smaller investment dealing firms not authorised by

other self-regulatory organisa-

In the past, it has been

a condition of anthorising

It was argued that with such

tions.

mémbers.

Firms will have to join Fimbra insurance scheme By Eric Short

insurance, an individual would

Ms Marian Salzman, Career-

insurance, an individual would be financially protected against the outcome of any errors or bad advice by the firm with which be was dealing. The main stumbling block to Fimbra enforcing compulsory professional indemnity insur-ance was the cost to member firms, costs that would be pro-portionately high to small firms. About one third of Fimfirms. About one third of Fim-bra members are sole traders.

Now Finbra has decided to set up its own insurance scheme that will be compulsory on all member firms.

The Law Society operates its own professional indemnity insurance scheme that is oblig-

CONCERT FIAT Arto (UE) Limited, EUROPE'S DRIVING FORCE, the most salvanced and most ver-satile car maker and EmiChem (UK) Limited, major dis-tributors of petrochemical, plastics and synthetics rubbers and Sbres were sponsors of a guitar concert given by Marco de Santi at the Wigmore Hall on 7th July 1989. The evening was organised by Mr J.R. Monroy, Director of LACCS, in association with the Italian Embassy and Italian Institute and under the patronage of His Excel-lency. The Ambassador of Italy, Signor Boris Siancheri. atory on solicitors. Such blanket insurance schemes do help to keep the overall premiums down because of the high volume and lower administration and lower administration required. Fimbra is offering two levels of cover. one with a ceiling of £100,000 and the other with a £250,000 limit.

way, two of Britain's leading supermarket chains, were putting excessive physical strain on check-out operators.

The union said that it was dealing with 12 complaints a week from Sainsbury operators reporting neck, back and arm injuries.

The company has brought in a benchmark rate of 20 items a minute for its operators.

Usdaw said it had complained to Safeway that Its University organised the first US graduate fair in Boston in benchmark figure of 25 items a minute in some stores was "unreasonable and potentially

dangerous." The rate had been imposed by management without the agreement of staff, the union added.

Sainsbury, which local representation agreements with unions in about half its stores, said it had not received any complaints from staff about injury from tills. some pockets, prices have fallen slightly."

# Government funding of voluntary groups 'inefficient and confused'

Bad communications. Initia-

those organisations which will

# By Joel Kibazo

INEFFICIENCY and confusion in UK government funding of voluntary organisations is damaging the effective devel-opment of the voluntary sector, according to a study puboften take up to six months which can seriously endanger some organisations' survival.

tor, according to a study pub-lished today. The study, from the National Council for Voluntary Organi-sations, an umbrella body reptives are often launched with little or no consultation with resenting charities and volun-tary organisations in England, is NCVO's submission to the have to run them, leading to expensive mistakes and delays. Government's scrutiny review of departmental funding to volexpensive mistakes and delays. • Inconsistency. There is no consistency across government departments in the way they process applications for grants. • Heavy-handed control. Nec-essary and proper financial control is taken to absurd extremes, wasting resources and discouraging innovation.

untary organisations. The study, which puts gov-ernment funding to the volumtary sector at more than £2bn, says: "It is not yet evident that there exists within the Government the necessary under-standing, machinery, or strength of officials to match the growing significance of the sector."

The study identifies a list of problems met by many volum-tary organisations financed or

SPONSORS FOR THE ITALIAN GUITAR

CONCERT

extremes, wasting resources and discouraging innovation. • The setting of unrealistic budgets. Effective management of voluntary organisations is stified when the Government makes unrealistic subgraphing makes unrealistic allowances for overheads, management,

seeking finance from govern-ment departments. The prob-lems include: training evaluation costs and inflation The NCVO study ontlines • Chronic delays in decision making. Decisions on funding

what it considers to be appro-priate funding mechanisms for

the voluntary sector. It concludes that grant aid is a flexible and stable way of funding and is well suited to the diversity of the voluntary sector: contracts are converge sector; contracts are conve-nient and controllabla and allow for the clarification of responsibilities; and that part-nership arrangements, involv-ing private and voluntary sec-tors, are critical in creating the infrastructure for wallth creating the

tors, are critical in creating the infrastructure for wealth cre-ation in rundown areas. How-ever, these have to be under-pinned by clearly defined funding mechanisms. Efficiency Scrutiny of Gov-ernment Funding of Vokuntary Organisations: Submission by the National Council for Vokun-tary Organisations. NCVO, 26 Bedford Square, London WC1B 3HU. 55.

CORRECTION NOTICE NOTICE OF REDEMPTION To the Holders of

# Bank of Tokyo (Curaçao) Holding N.V.

U.S. \$100,000,000 12%% Guaranteed Bonds Due 1992 ATTENTION is called to the Notice of Partial Redemption of the above referenced Bonds published in the Financial Times of June 23, 1989. Please note under the heading SERIAL NUMBERS OF BONDS TO BE REDEEMED, the number 87962 abould read 87862. All other numbers remain

Bank of Tokyo (Curaçao) Holding N.V. By: The Bank of Tokyo Trust Company as Fiscal Agent Dated: July 10, 1989

International England v. Australia 0898 121 134 Live ball-by-ball commentary. Industries, Britain's biggest Exclusive LIVE coverage of manufacturing company, is stepping up its schools liaison programme in an effort to lay the foundations for attracting 10898)= ")[2:14]. more science graduates. The company, Britain's sec-ond largest pharmaceuticals group after Glaxo, is employ-ing two former school science teachers whose sole job will be dd the number you want 66 Derby 80 Glamorgan 26 Essex 14 Middlesex 16 Essex 

 16
 Essex
 14
 Middlesex

 34
 Gloucs,
 50
 Northants,

 22
 Hants,
 24
 Somerset

 21
 Kent
 56
 Warwicks,

 39
 Lancs,
 33
 Surrey

 42
 Leics,
 55
 Worcs,

 12
 Sussex
 44
 Yorks,

 50
 Notts,
 56

 to link with educational estabhishments. 12 Sussex 60 Notts. XXXX ussie Cricketcai 0898 12 14 40 County Scoreboa 0898 121 154 Minor Counties 0898 12 14 18 Calls cost 38p per minute peak and dard rate and 25p per minute chasp rate.

# **ICI steps up school** liaison programme **By Peter Marsh** IMPERIAL Chemical and in professions such as law

and accountancy. ICI employs about 400 new graduates each year, roughly 300 of these being scientists and engineers working mainly

in research and development. The two former teachers will be attached to ICPs two main manufacturing complexes in Britain, at Wilton on Teesside in north-east England and at

The appointments are to be made in the next few weeks. ICI hopes that by telling schoolchildren about itself, it will persuade more to enter science courses at universities and polytechnics. Industrialists are keen to

That should bring more sci-ence graduates into the work-

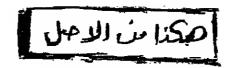
force. KI is also keen to project a better image of itself among young people. It reckons many schoolchildren are put off the idea of working for manufac-turing industry and are more attracted to jobs in the City

Runcorn in Cheshire, in the north-west. They were both pre-viously seconded to ICI plants on a scheme which the com-pany established last year to introduce school teachers to its way of working.

improve training in schools and the ruling Conservative Government has encouraged companies to back its plans for City Technology Colleges.

severely criticised for not requiring compulsory profes-sional indemnity insurance as The colleges will train schoolchildren in science-based and technical subjects which will be more attractive to industrial employers.

ALL UK investment firms anthorised by the Financial Intermediaries, Managers and Brokers Regulatory Associa-tion (Fimbra) will, from November 1, 1989, be required to join the single professional indemnity insurance scheme construction of the association operated by the association. This compulsion will apply even to those firms which already have their own profes-sional indemnity insurance for





DO YOU GIVE INDEPENDENT ADVICE ON SAVINGS AND INVESTMENTS?

# LEGAL COLUMN

# Poll paints bleak picture of recruitment crisis

RESEARCH among undergraduates by a Harris opinion poll, to test their attitudes to a career in the law, peints a bleak picture for a profession deep in the middle of a much publicised

solicitor shorifall at between 10 per cent and 12 per cent in private practice, while the numbers entering the profession are rising only "margin-ally." With current demographic trends and the continuing increase in demand for legal services, it seems the recruitment problem can only get

Of those students who rated law higher than a career in the financial sector, 36 per cent listed enjoyment and job satisfaction as the most important factor in their thinking and 37 per cent listed intellectual gain or interest. For those who rated a career in the financial sector higher, the fig-

in the financial sector higher, the fig-tress were 36 per cent and 33 per cent respectively. Job prospects were rated as important by only 11 per cent of those preferring law and 17 per cent preferring the financial sector. In the qualitative stage of the sur-vey, Harris noted that although the majority of those studying law had considered the legal profession as a career "very of fairly sectors," most still had reservations and were reino-tant to commit themselves. The City tani to commit themselves. The City institutions were vlewed as a way of "keeping options open" for many. On law firms' promotional litera-ture, more than one third of students

said there was "really nothing to dis-tinguish between any of them." Although recruitment brochures we not seen as a particularly useful source of information, students clearly expected firms to provide one. Most students feit they should con-tain more information and less sales patter.

Among students contemplating a career in the law, vacation place-

LEGAL APPOINTMENTS

ments and other direct contact with potential employers were the most important influences in choosing a firm. Almost two thirds of the law sindents interviewed had gained some experience working in the legal pro-

Linklaters' graduate intake. like that of many other firms, has more than doubled over the past four years. This year it will look to recruit more than 100 articled clerks. It has used the information from the survey to redesign its recruitment brochure. It will be interesting to see what impact it has had on recruitment efforts 12 months from how.

NON-BINDING forms of Alternative Disputes Resolution (ADR), increas-ingly popular in the United States as a means of avoiding costly and protracted commercial litigation, are ginning to make their presence felt in the UK.

The advantages of ADR, or "media-tion" or "concliation," as it is vari-onsly known, are confidentiality for both parties, a greater involvement for the parties in reaching their own agreement, speed of resolution, low cost and the preservation, rather than potential destruction, of the commer-

cial relationship. The most common form of ADR in the US is the mis-named "mini-trial." The mini-trial usually comprises a ahort presentation of the issues by each parties' in-house counsel in front of senior executives from each side who are preferably unconnected with the actual dispute.

Normally it takes place in the presence of a neutral chairman, frequently a lawyer respected by both sides as an expert in the relevant field. After presentation of the issues the

a settlement. If they fail, the chain-man may be asked for his views as to the likely outcome of any ensuing litigation, after which the executives may make another attempt at settle-

ADR has been slow to show itself here, perhaps because of the relatively low cost of litigation in the UK

If they agree, the terms of the set-tlement are then incorporated into a written document which is enforceable under ordinary contract law. If, however, after a set period (a week or 10 days), no settlement has been reached, the ADR is deemed to have failed and either litigation or arbitra-

tion generally follows. The biggest obstacle to successful use of ADB is the difficulty of getting the other side to use it once a dispute has arisen. US lawyers say there is no doubt that it is often very difficult to get ADR off the ground in the highly charged atmosphere that follows the commencement of a lawsuit.

The way around this is to persuade as many companies as possible to provide for a disputes-resolution mechanism at the time they enter into their business relationship or contract. ADR clauses are fast becoming a com-

mon feature of business agreements. ADR began to develop in the US (it has been widely used for many years in the Far East, especially Japan) about 10 years ago, when a number of in-house counsel got together to form the Centre for Public Resources, a non-profit making organisation dedi-cated to promoting ADR. It now counts among its membership more than 150 general counsel from the Fortune 500 companies and partners from more than 75 leading US law firms

Although London is one of the major commercial arbitration centres of the world, ADR has been slow to

of the world, ADK has been slow to show itself here - periaps because of the relatively low cost of litigating in the UK compared with the US. As the costs of commercial litiga-tion rise, however, UK lawyers are beginning to show much greater interest. The London firm of solicitors Turner Kenneth Brown recently become the first UK law firm to join became the first UK law firm to join the Centre for Public Resources and are examining possible applications of ADR in the UK.

A US lawyer, Mr Richard Schiffer, has just opened the first ADR office in London. IDR Europe offers a media-tion service in the areas of high technology, insurance, construction and shipping. The firm charges £750 for getting the parties around the table and the use of conference facilities for one day and £100 an hour for mediation services thereafter. ADR scems poised to take off.

# understanding = competition

Through mergers, acquisitions and trading agreements our clients seek competitive advantage in their marketplaces.

But the playing field is not always as level as they might like. Such corporate developments are increasingly subject to review by EEC and UK authorities; whose decisions can have o critical impact on prof-



AM. NOT ADVOCATING -- NOR EVEN SOLICITING .... BUT I AM ADIASING TO OBTAIN YOUR COPY ----

Financial Adviser is a free weekly newspaper published by the Financial Times Group. It provides all the latest investment news, product analysis and performance statistics to keep you ahead of the competition. You are eligible to receive Financial Adviser free of charge if you are a solicitor who specialises in giving independent financial advice.

AME:		
OMPANY NAME:		'.
DDRESS:		· •
<u> </u>	POSTCODE	
am an authorized financial interme AW SOCIETY REGISTRATION NU	ndiary regulated by the Law Society. UMBER:	<u> </u>
W Sociely Registration to	Adviser each wook.	

FINANCIAL ADVISER A FINANCIAL TIMES PUBLICATION

itability and investment strategies. The role of our competition team is to focus rapidly on the key issues with clarity ond o fundomental understonding of our clients' business, current legislation ond the underlying palicies on which it is based.

The arguments need to be presented with floir ond confidence to senior management ond regulatory bodies. Common sense ond the obility to respond in short timescales are essential when helping clients ochieve their goals.

Our competition team is based in London and Brussels ond seeks lawyers prepared to work in both locations. If you like the thought of odvising mojor corporate clients in this increasingly important field, please give us o call.

We are looking for lawyers with the intellectual drive and stamino to make their own contribution to the growth of our practice. Our style is friendly, places great emphosis on team effort and provides the right environment for bright minds to ochieve their best. If this opproach to law matches your ombition, take the opportunity to find out more.

S M RT

r, Watting House, aphone: 01-489 8000. at, London EC4M 5SD. T = LONDON = BRUSSELS = HONG KONG = NEW YORK = PARIS

ETITION & CORPORATE REMANCE = TAX = BANKING = PROPERTY DEVELOPMENT = PLANNING = CONSTRUCTION = INTRUECTUAL PROPERTY



SC DIM Jasie

10 白角

10 202

) in the second

- Errell

To advertise In the most authoritative and comprehensive survey of graduate recruitment to be published by a national newspaper to date contact: Tim Kingham, Financial Times, Number One Southwark Bridge London, SE1 9HL Tel: 01-873 3606, Fax: 01-873 3062

TO BE DISTRIBUTED FREE TO ALL

**UK FINAL YEAR STUDENTS** 

I GRADUATE RECRUITMENT A FINANCIAL TIMES SURVEY **1ST NOVEMBER 1989** 

# MANAGEMENT

# **Benefits of a charter** for 'complete freedom'

James Buxton explains how NCR's plant in Dundee maintains its world lead in automated teller machines

he NCR plant situated on the Dundee bypass looks at first sight like any other branch manufacturing plant in Scot-land. It has a 1960-ish appear-ance and the ubiquitous logo of a multinational.

But it is an important manufacturing site – it makes all NCR's automatic teller machines, of which the com-pany says it is the world's leading producer. Dundee is also the centre of NCR's world busi-ness for these customer-oper-ated terminals, worth \$600m a year and the corporation's sec-ond largest division. In addition to manufactur-

ing, Dundee designs its own products and chooses the mar-kets in which to sell them. NCR believes its success in gradually overtaking its rivals in the ATM market owes much to the degree of autonomy it has granted Dundee. Since the late 1970s NCR, which has its headquarters at

Dayton, Ohio, in the US, has pursued a policy of decentrali-sing decision-making to the lowest level possible. The pol-icy was brought in to revitalise a long-established but increasingly arthritic corporation.

Revitalisation was particularly necessary in Dundee; in the early 1970s NCR's employment at seven plants in the city reached 7,000 as Britain and other Commouwealth countries decimalised their currencies (NCR was a prime supplier of convertible cash registers). Thereafter plants were shut as the company -with difficulty - sought new roles for Dundee, All the time it was a second source opera-tion making products dictated by remote corporate officials.

countries."

of that time.

country markets.

Now Jim Adamson, the bouncy, rapid-talking Scot who is the plant's general manager, s also responsible for all the financial self-service terminals business of NCR. "I have two sets of books," he says with a characteristic grin. "Oue set covers the plant and its trans-fers of products to our marketing organisations in each country. The other covers the entire product line from development to sales to customers. That makes me responsible for the

total profit and loss of the secestate, car hire or hotel rooms. tor, under the vice-president for financial and offica By using a touch-screen, the individual can ask what prod-ucts are available, examine the systems. NCR's corporate structure

details of the specific product he or she is interested in, and then make a contract to buy it. beneath the post of chief exec-utive is divided between vicenetween vice-presidents responsible for prod-net development, initial mar-keting, and manufacturing, and those who deal on a geo-graphical basis with sales and The 5682 is already being used in pilot projects by a number of British and US customers. The story of the 5682 is a good example of how the decentralised NCR system marketing. Adamsou's most works. The product was con-ceived in Dundee and the idea crucial relationship is with

sales and marketing. The sales and marketing discussed with a number of division is responsible for sell-ing the products to the customcustomers Some advance development ers and meeting the customer's day-to-day needs. But Adamson says it is his subsidiary, NCR work took place in the research and development department in Dundee - "I Manufacturing Ltd, which makes the initial decision on have complete freedom for spending on advance developwhat to make and which mar-

make, on prices, for example. And they could refuse to sell ing, "after 1'd consulted coun-try marketing managers to get their support and input." The business plan was then pres-ented to Chuck Exley, NCR's chairman, in Dayton, to obtain approval for the investment. there, or reject the products we wanted them to sell. That having been granted,

details of the product had to be ironed out; its external design had to conform to tha com-pany's standards. Dundee is not obliged to incorporate components - such as printers that are made by other sectors of NCR if it does not believe them appropriate, and has rejected some, though Adam-son will not identify them. away from the plant for a third

Tha 5682 took only 12 months - from January 1988 to January 1989 - to pass from couceptiou to first release. Adamson believes the speed but if you talk to sales and marketing they will say: 'No, it's ours.'" Sales and marketing, he says, has its own profit with which products can be brought out is one of NCR's competitive advantages and and loss account for individual owes much to the decentralised

> The Dundee plant's anton-omy is enshrined in the "char-ter" it was granted for financial self-service products in



Jim Adamson: "We decide what the market wants, watch our competitors, and tell sales and marketing of our intentions

1982. But although Exley and Bill Anderson, his predecessor as chairman, wanted in princi-ple to grant NCR's plants charters for particular product sectors, it was far from certain then whether Dundee would get one.

When Adamson arrived in 1980 the NCR operation, now reduced to a single plant but still employing 1,400 people, was, as he puts it, "on the edge of a chiff."

Sales of mechanical cash reg-isters had fallen back to uormal levels and electronic machines were coming in. One of the few hopes was that the plant was beginning to manu-facture ATMs for UK banks. But the initial products were unreliable and, from Dundee's point of view, were developed in collaboration with a sister plant in Dayton, which, Adamson says, "had all the software and half the hardware." To get the charter for ATMs

Adamsou first had to make Dundee financially viable. This involved cntting staff from 1,400 to 700 and shedding lossmaking products. At the same time he had to improve the quality of the existing range, develop a new model and sell both, as well as fighting with Dayton for the charter. "It didn't come cleanly. It had to be fought for," he says. Dayton wou the charter to handle branch automation.

NCR had only five per cent of the world ATM market in 1980. At that time the major players included the US com-pany Docutel, International Business Machines, Philips-

Diebold (Philins of the Netherlands markets internationally the products of the US com-pany Diebold), Fujitsu of Japan and Burroughs.

Now 30 per cent of all installed ATMs round the world are made by NCR; it claims to have made 50 per cent of all ATMs in 1988.

It claims more than 50 per cent of the UK market, with Lloyds recently having joined National Westminster, Barclays and Midland as NCR customers. Employment in Dun-dee is now back to 1,300 and a new plant has been set up near Dunfermline in Fife to make the 5682.

In the course of NCR's ascent, companies such as Docutel, Olivetti, Chnbb and Burroughs have abandoned the ATM business, leaving NCR, IBM and Philips-Diebold as the major players. All are multinationals but Adamson believes that NCR has a major advan-taga through being conceu-trated on a single site with its considerable autonomy. Rivals, he claims, divide between different sites responsibility for such sectors as hardware, software, integration and production management,

It is a conclusion broadly endorsed hy Peter Labé, a US analyst with Labé, Simpson, who follows the ATM industry. "It is fair to attribute a lot of NCR's success in this sector to its autonomous structure. NCR. hears what its customers want and tries to meet their useds. Though everyoue talks about quality, NCR's products are much more reliable."

ADVENTISEMENT OF CREDITORS' ME UNDER SECTION 49(2) OF THE INSOLVENCY ACT 1980

ed No 1511653

# Exploiting national differences Why subsidiaries should be kept on a loose rein

# By Michael Skapinker

hen, in 1986, a group of British research-ers set out to investi-gate what skills managers would need in the future, they decided to look at 10 successful European companies.

By the time they came to write a book on their findings\*. two of the companies - Jaguar and Norsk Data - had run into trouble.

The two companies' difficulties are a warning to managers who think they have solved all their problems. One point which the executives quoted in this book stress repeatedly is restaurant group, says its operations in Germany are run that successful companies never stand still. "The future," says Sir Deuys Henderson, chairman of ICL. "is a condifferently from those in France. Its West German interests are run in a very centralised fashion; in France its busistantly moving target." The research for this book nesses are more loosely manage

was carried out by Ashridge Management College and the Foundation for Management Education. The researchers published an interim report last year, Management for the Future, which recommended that companies shower their staff with "tough love" - a combination of hard-uosed anti-UK, but business sense and regard for employees' feelings.

Their more detailed book, Shaping the Corporate Future, pays particular attention to the difficulties which European companies face when attempt-ing to become more internationa

pliers and joint venture part-ners abroad and rely on their Many European companies feel the need to expand abroad. Their national markets are too national subsidiaries for inforlimited to support their ambi-tions. ICI's Hendersou says mation. that his group had to become international "not because we are anti-UK but because the UK is too small. To develop a which has to buy raw materials on the international mar-ket, usually in foreign cur-rency, is competing for those same materials with companies that are also its competitors," uew drug, for example, you may have to spend up to "How it judges those trans-actions will affect some of its other decisions. So in compet-£150m, and there is no way you can recoup that investment on sales to the UK.

Those that have set np operations abroad now see it as important to delegate more responsibility to their subsidiaries in different countries. (Some US multinationals have reached similar couclusions. See the experience of NCR, reported on this page today.) Local managers have a shrewder idea of what their own

greater autonomy while at the markets need and are in a betsame time improving co-orditer position to spot changes in nation between them? customer preference.

Accor, the French hotel and

On the other hand - and

international 'not

because the UK is

here lies the companies'

dilemma - the need for co-or-dination between national sub-

sidiarles has uever been

greater. Companies increas-

ingly look for customers, sup-

"A company such as ICI,

ing against other global chemi-

cal companies, an important

factor will be how much better it is in co-ordinating its over-

seas businesses than competi-

tors such as Du Pout and

companies resolve the question

of how to give subsidiaries

How do successful European

Bayer

because we are

**ICI became** 

too small'

ICI says group headquarters acts "as a catalyst and as a resource to get people to think through various options and their implications." The organisations featured in this book also recognise that their national companies have different ways of doing things and that they should not attempt to impose a uniform Several of the companies. looked to new technology to improve the flow of informamanagement style on them. An executive at BMW says that tion between subsidiaries. unlike IBM, our aim is not to have a situation that, wherever you go in the world, every-thing is the same."

Some reports have said that British companies had fallen behind their international competitors in the use of informa-tion technology. The Ashridge researchers, however, said they were impressed wth the focused way in which Jaguar, Shell UK, ICI and J.C. Bamford

Excavators used IT. Companies like Electrolux and ICI believe that a cadre of and ICI believe that a calle of mobile international managers could be the "glue" that holds their disparate groups together. An Electrolux execu-tive says his organisation believes "we should have top managers who can operate divergently, who are as sure of themselves in New York as in Paris." Rather than representing a particular country, these international managers act on

0

11

: 13

 $\sim 2$ 

.

: :.

÷ :, . . . 1.11

-21

· . .

÷

<u>ن</u>ه:

 $\mathcal{L}_{\mathcal{L}}$ 

۰. <sub>د</sub> Ъ.,

Chrus.

11

۹Ì.,

P.O. Box 550 Victoria/Mahe/Seychelles Tel: 010248 47141 Telex: 2272 SHL SZ Fax: 47606

- 22

behalf of the group. Here, companies come up against another difficulty. Not all managers are happy to spend all their time travelling. Some companies say that the number of managers prepared to uproot themselves and their families to take up a foreign posting is getting smaller. A manager at Shell UK told the Ashridge researchers that managers today were less willing to move to other countries because their wives had their own careers and because they were reluctant to put their

children in boarding schools. The book suggests sending managers on shorter foreign assignments, perhaps no more than a few months. Another

idea is to give managers expe-rience of different cultures when they are still young and have fewer family responsibili-

\*Shaping the Corporate Future, by Kevin Barham and Clive Rasson, Umpin Hyman, £12.95, To be published on July 27.

	LEGAL NOTICES		COMPANY
EETING	ADVERTISEMENT OF CREDITORIS, MEETING UNDER SECTION 46(2) OF THE WEOLVENCY ACT 1998	ADVERTISEMENT OF CREDITORS' MEETING UNDER SECTION 46(2) OF	NOTICES
England	Registered No 2132672 Registered to England	Registered No 2013331 Pagistered in England	HARRISONS MALAYSIAN PLANTATIONS BERHAD (Incorporated in Melaysia)

ment spending," says Adamson - who has a total annual R&D kets to enter. "We decide what the market wants and watch what our budget of \$30m. An engineering specification was drawn competitors are doing. If I want to sell in India the decision is np, but NCR's vice-president for development and producmine. We would have sus tion was not involved. out the market first and then we'd tell sales and marketing ahout our intentious. They would have some input to

N ext Duudee put together an overall business plan covering both productiou and market-ing, "after I'd consulted coun-

"But if we weut ahead they would then take over the job of selling to the individual cus-tomer. Bnt I am ultimately responsible for selling in 73

He goes on: "We deal with clients at a strategic level. Wa discuss their strategic requiremeuts with them; 600 customers have come to see us in Dundee in the past two years. I did a quarter of a million miles of travelling last year and was

"I consider the financial self-service division mine -

NCR's latest financial self-service product is the 5682, way the business is run. au inter-active terminal. Located inside a bank or office it can be used for selling such things as life assurance, real

# <u>Fhe Top</u> 1000 World Banks

# **EXCLUSIVE! - THE CAPITAL CRUNCH!**

or 20 years, THE BANKER has provided invaluable, in-depth analysis and key listings of the top world banks.

This July, for the first time ever, we rank the TOP 1000 LEADERS in world banking, based on the Ba sle definition of Tier 1 Capital. This means that THE BANKER now brings you the most wideranging, independent analysis of the world banking industry we have ever published.

We use hard facts based on a wealth of qualitative statistical analysis to assess the strength, soundness, profitability, true performance and size of the operation

It makes fascinating reading. The Top 1000 are listed exclusively in the July issue of THE BANKER.

To guarantee that you get your copy, subscribe today!

WHETHER YOU ARE IN BANKING, BUSINESS OR FINANCIAL SERVICES IT'S VITAL INFORMATION.

The Top 1000 Banks listing, each July, is our prem ecial feature. As you'd expect, we regularly supplement this key source of information. For example, our regular regional listings are a valuable source of in-depth analysis. We cover Europe, Japan, the States and the Third World by turn, making sense of the cbbs and flows of fortune around the world.

· · · ·

2.1

**USEE THE BANKER FOR YOURSELF, FREE FOR** TWO MONTHS.

Take advantage of our special trial offer and we will send you the July and August issues completely free. Just complete the form below and return it to the address shown. Your full annual subscription starts with the third issue and will continue thereafter for a further 12 months. What's more you are free to cancel at any time and receive a refind for the mused portion of your subscription. You have nothing to lose. Send off the coupon today!

> IFIE BANKER A FINANCIAL TIMES MAGAZINE

SUP

The Banker, Greystoke Place, Fetter Lane, London EC4A 1ND.

YES I would like to take out en an introductory affer of 14 issues	nual subscription to The Banker and take advantage of your special for the price of 12, starting with the July '89 issue. Rates
Please invoice me/my company.	S7 UK US\$148 USA Airspeeded L £105 Rest of world Airspeed
<ul> <li>I enclose my cheque payable to F.T.</li> <li>Business Information Ltd.</li> <li>Please debit my credit card</li> </ul>	685 Europe      US\$179 USA Aizmail     f.130 Rest of world Aizmail     Amex     Visa     Access     Dimers
	Card No.
Signature	
Mr/Mrs/Ms (Block Capitals Please)	
Company/Private Address	
	Postcode Country
	ions Dept., Central House, 27 Park Street, Croydon CR0 1YD England. One, Southwark Bridge, London SE1 9HL. Registered No. 980896. 623010

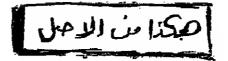
	Registured in England SPERRIM DIVESTMENTS LTD - IN RECEIVERSHIP	Registered in England SHEMARA TEXTILES LIMITED - IN FIECEIVERSHIP	Fegintered in England SCORELINE PROBOTIONS LIMITED - IN RECEIVERSHIP	(Incorporated in Malaysia) NGTICK OF MEETING					
	NOTICE IS HEREBY GIVEN, pursuant to soc- tion 45(2) of the Insolvency Act 1889, that a monitog of the unsolvency Act 1889, that a unsolventee of the angle of the association site of the angle of the association report prepared by the edministrative report prepared by the edministrative report under socion 48 of the association receiver under socion 48 of the association receiver under socion 48 of the association recorrection to exercise the functions con- ferred on creditors' committees by or under the Act. Creditors are only entitled to vote it: (a) they have delivered to me to the address show above, no later than 12.00 noon on Wodnesetay 23 July 1989, written details of the data they claim to be due to them from the company, and the claim has been duly admitted under the provisions of fluie 3.11 of the insolvency Pales 1986 and (b) them has been lodged with me any proxy written the creditor hierds to be used on his or ther band.	ACTICE IS HEREBY GIVEN, pursuent to sec- tion 46(2) of the insolvency Act 1936, that a meeting of the unsecured creditors of the above-named company will be held at the offices of Cork Guty, Chartered Accountants, 108 Great Victoria Stroot, Belliata 1972 7AX at 11.30 am on Thursday 27 July 1989 for the purpose of having laid before it a copy of the report prepared by the edministrative receiver under section 46 of the sold Act. The meeting may, N it thinks it, establish a committee to exercise the functions con- tered on creditors' committees by or under the Act. Creditors are only estilled to vote It: (a) they have delivered to me at the address shown above, no fabor fine 12.00 noon on Weanesday 25 July 1989, written details of the dobts they claim to be due to them from the company, and the claim has been duly admitted under the provi- sions of Fulue 3.11 of the insolvency filles 1966 and	meeting of the unscoursed creditors of the above-nemed company will be held at the offices of Cork Gully, Charlered Accountents, 106 Greet Victoria Street, Berleut 3172 7AX at 12.15 pm on Thursday 27 July 1996 for the purpose of having laid before if a copy of the report propared by the administrative receiver under section 45 of the said AcL. The meeting may, if it thisks fit, establish a controlifee to syncrise the functions con- ferred on creditors' committees by or under the AcL. Creditors are only estimate to vote it: (a) they have delivered to role it: (but for the delivered to role it: . details of the detain they claim to be dee to them from the company, and the claim has been duly admitted under the prov- elons of Rule 3.11 of the insolvency Rulos 1996 and (b) there has been lodged with me any proxy which the orcellor intends to be used or	<ul> <li>NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at the Keian- tan Room, Basement 2, Shangri-La Hotel, 11 Jelen Sultan temat, SU230 Kuela Lumpur, on Wedneeday, 9th August, 1999, at 1:30 a.m. for the fel- towing purpage.</li> <li>To receive and adopt the Report of the Directors, the Statement of Accounts for the year ended 31st March, 1999, and the Report of the Auditors.</li> <li>To declare dividends.</li> <li>To declare dividends.</li> <li>To re-bet the Directors' remuni- ation for the year anded 31st March, 1999, Resolution and Stat March, 1999, Resolution and Stat March, 1999, Resolution and Stat March, 1999, Resolution and Stat March, 1999, Resolution and Stat That pursuant to Section 123(5) of the Companies Act, 1965, That pursuant to Section 123(5) of the Companies Act, 1965, That pursuant the Section 123(5) of the Companies Act, 1965, That pursuant the Section 123(5) of the Companies Act, 1965, That pursuant the Section 123(5) of the Companies Act, 1965, The larmal bin Mohammed All be re-ap- pointed Director of the Company to held office until the company to held the many to the company to held office until the company to held the many to the company to held office until the</li></ul>					
	Date: 6 July 1989 John Raas	his or her behalf. Date: 8 July 1999	Date: # July 1989 John Ross	ise the Directors to fix their remneration, 7. To transect any other ordinary business of the Company.					
	Administrative Receiver Sperin investments Limited - In Receiver- ship	John Ross Administrative Receiver Shomers Textiles LTD - In Receivership	Administrative Ascolver Scoreline Promotions Limited - to Receiver- ahip	By order of Sie Board Mohd. Nedzir Melzoud					
	Note Craditors may obtain a copy of the report, iree of charge, on application to the adminis- itrative receiver at the address shown above.	Note Craditions may obtain a copy of the report, free of charge, on application to the adminis- itrative receiver at the address shown above.	Note Creditors may obtain a copy of the report, free of charge, on application to the adminis- itrative receiver to the eddress above,	Kusta Luny 1999 100h July, 1999 NOTES 101 A member of the Company enti- tied to attend and unce of the					
	CAN (UK) LINITED	COMPANY	/ NOTICES	or more provides but not exceeding bwo, to attend and vote in his shadt. Where a member provide in his					
	NOTICE IS HEREBY GIVEN, pursuant to sec- tion 44(2) of the insolvency Act 1986, that a meeting of the unsolvency Act 1986, that a house normal company will be held at The Mallam Tower Poot House Holds, Manchaster Road, Sheffield on 17 July 1960 at 11.00 am for the purposes of having taid before it a copy of the report prepared by the adminis- trative receivers under section 48 of the said Act. The meeting may if it thinks fit, establish a committee to american the functions con- ternation creditors to your under	US 530,008,000 Float General Semanty Electronic For the six months from 10 July 1989 to 10 rate of 9,5 per annum. The Interver pay January 1980 will be US \$ 4,095,65 per US January 1980 will be US \$ 4,095,65 per US	d Telecommunications Limited ng Rate Notes dee 1994 need by to Company Limited January 1990 the Notes will carry an interest still call the relevant interest payment date 10 \$10,000 Note. # Bank call Bank	two provides, the appointment shall be invalid unless the specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must stand the meeting in person to vote. The lastrumont appointing a proxy must be deposited at the Com- pany's regimered office not less then 40 hours before the time for holding the meeting or any adjournment thereot.					
	the Act. Croßborg ars only entitled to vote it: (a) they have delivered to us to Cark Quily, 1 East Parade, Streiffeld, S1 22T, no later than 12 noon on 14 July 1989, written dotalis of the debits they claim to be due to basen from the company, and the claim has been duty admitted under the provi- alons of Rule 3.11 of the insolvency Rules 1985; and (b) there has been lodged with us any proxy which the creditor intends to be used on Na behalf. Please note that the original proxy signed by	LEGAL NOTICES ADVANCED TRAINING TECHNOLOGY ASSOCIATES LINITED Registered humber: 1838239 Trading nametoj: AT.T.A. Nature of business: Training computer soft- were development and consultancy services. Trade classification: 36	EVE HAS CUTLIVED the others because of a policy on fair play and value for money. Support from 10-350 are blacked by musicians, glamorous houseses, exciting floorshows, 01-734 0557. 199, Regett St.London.	<ul> <li>(ii) if the dividends are approved at the Annual General Meeting. It is intended that the warrants be payable on 2nd Jenoary, 1980, to shureholders registered in the books of the Company at the clocks of business on tet December, 1998.</li> <li>(iii) There are no contracts of service between the Directors and the Company.</li> </ul>					
	or on behalt of the creditor must be lodged at tha address mentioned; photocopies (including faces copies) are not acceptable. D J Stokes	Data of appointment of administrative receiverie): 25 June 1985 Name of person appointing the administra- tive receiver; 1) Advent Eurofund Linsted	CONTRACTS	A TEMPERA					
	ADMINISTRATIVE RECEIVER	2) Advent Capital Limited 3) Legal & General Assurance Society Lim.		a ienders					
		led 4) Investors in Industry pic 5) Symbolica Inc. Roger William Cark. Administrative Recover (office holder no(s) 16534 of Cork Gully, Shelley House, 3 Noble Street, London EC2V 700.	SEYCHELLE Tenders are invited for t	the least					
	TRAVEL PARADE LIMITED REGISTERED NO : 1432223	RENTALS	populsr Tourist Resort, the is the largest of only the	popular Tourist Resort, this well equipped Casino is the largest of only two licensed Casino					
1									
	Pursuant to Section 45(1) of The Insolvency Act 1986 and Rule 3.2 of The Insolvency Rules 1986 take notice take wo. M C Without and I D Williams of Grent Thornton, Grent Thernton House, Melton Street, Euston Square, London NWI 2EP were appointed John Administrative Receivers of the above company on 16 June 1989 by 138 Bank ptc.	KENWOODS RENTAL QUALITY FURNISHED FLATS AND HOUSES	operate in Seychelles. Reputable companies with can spply for more detail The Managin Seychelle	n experience in this field s to:-					

M C Witheli

ID WHIL

Short and Long Lets 23 Spring St., London W2 1JA Tel: 01-402 2271 Telex: 25271

Fax: (01) 262 3750



lon

ebt .

creas-

rake

1.0202

N 10.84

· • <del>•</del>

. . . . .

10.0

100000 122

. . . . .

1. 23

- 62

venue

1.1.1

100

2

1

 $\sim 10$ 

 $\tau \in \mathbb{C}^{n}$ 

1.1.1.1.1

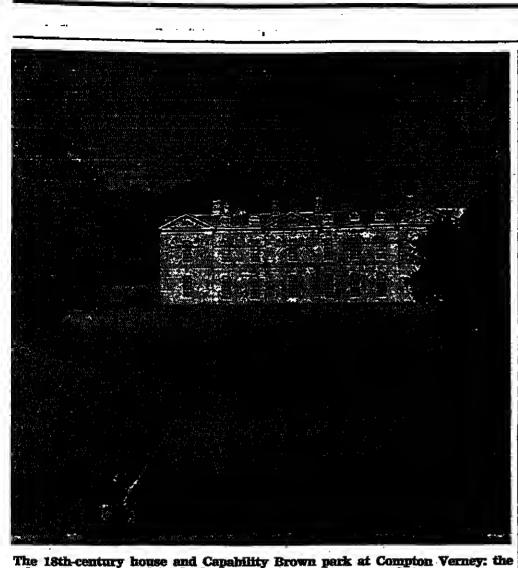
ction

a provinci

• • • •

. .

- murico



ARTS

# Romeo and Juliet

### COLISEUM

As a second offering in its season, the Bolshoy Ballet has brought Romeo and Juliet. This is not the version by Leonid Lavrovsky with which the company fired London's imagi-nation on that initial visit in 1956, but Yury Grigorovich's production, made for the Ballet of the Paris Opera in 1978, and taken into the Moscow repertory the following year. Consideration of Lavrovsky's

Romeo is crucial in understanding Grigorovich'e recen-sion, for here the choreography seems a deliberate reaction against the older staging. In place of Lavrovsky's monumental verismo, his operatic characterisations and elaborate characterisations and elaborate mimetic procedures, and the fact that "you could almost smell the Verona drains" according to one comment in 1956, Grigorovich proposes abstraction, a stripped-down movement style, and a quick-ened response to the tense, terse elements in Prokofier's score. The choreography exposes the sinews of the music rather than the minumusic rather than the minu-tiae of the action.

Grigorovich is not concerned with narrative, aiming rather at an abstraction of Shakespeare's drama focussed on the young lovers, around whom swirl and race the feuding Veronese mob. When first staged - as these columns reported - the ballst was cast in two parts, and had an impulse towards the columnating scenes of each act, in gar-den and tomb, which suggested the headlong rush of the tragthe headlong rush of the trag-edy. Grigorovich has somewhat reworked and, I venture, extended his material. Now given in three acts, the ballet commands tha stage less by the driving pace of the dance, than by those Grigorovich vir-tues of huge swathes of move-ment that establish mood, creating a generalised though creating a generalised though potent emotional climate (as in Simon Virsaladze's gauzy set-tings) against which individuals must play out their fate. Given stellar performance,

as there were on Friday night when Natalia Bessmertnova and Irek Mnkhamedov appeared as the young lovers, and given a large stage filled

with the pounding cohorts of the Bolshoy artists, then this Grigorovich version can hold its audience totally.

One can marvel at the commanding beauty of Bessmert-nova's performance, at once a symbol of Juliet's tragedy and a potently sustained example of danced emotion. No less tre-mendous Mukhamedov, all ardour from curtain rise as he soars across the stage, touching Romeo's every step with the fire of a great passion. From the fabric of this dance tapestry, Alexander Vetrov's Tybalt and Mikhail Sharkov's Mercutio also stand out; in the general excellence of the company performance, the groups of "friends" who serve as cho-rus to the central characters

rus to the central characters were exceptionally fine. I was also fortunate to see Lyudmila Semenyaka's Juliet on Saturday afternoon, the epitome of seositivity and grace in the early scenes, and making the girl's agony in the tomb not mere dramatic illnsion, but a heart's cry.

Clement Crisp Natalya Bessmertnova

The Long Way Round

### COTTESLOE THEATRE

The Austrian-horn, and in turn German, French and again Austrian-do-miciled Peter Handke is perhaps best known in this country for his screen-plays for Wim Wenders' Wings of Desire, and The Goalkeeper's Fear of the Penalty, and for the occasional produc-tion of such plays as The Ride Across Lake Constan

Commissioned by the NT Studio, Ralph Manheim's new translation of a play drawn from one of a trilogy of short novels arrives at the Cottesloe for a mere 12 performances. Stephen Unwin's production demands to be seen. Those who dignify the theatre as something more than an aid to diges-tion should not miss it.

The protagonist, a young man who has made good, returns to his home village to allay feelings of responsibility and betrayal. His brother is a labourer, his sister works in a shop and longs for her own business.

The protagonist, "full of compassion but who can't abide people's weak-nesses", seeks oot his hrother on a building site and is upbraided by his sister for his moral superiority, the self-reproach that has killed all generos-ity in him. This family reunion, like Eliot's, is stained with old guilt. Eliot's is a name that surings to mind

Eliot is a name that springs to mind, for the work is written in speeches. slabs of prose (and poetry) in the form of monologues, The action moves for-ward with a formal, theatrical inexorability (the production boldly opts for the grand gesture: the outflung arms, the hands uplified); there is even some

choric speaking. The translation echoes Eliot's cata-logue lists of ominous portents; the building-site workers intimations of doom ("The river has gone dry ... The village tavern has no wine") recall Aga-tha's trance-like portents in The Family tion. And the first act boasts a hyp-

notically written verbal rhapsody on the three workers themselves (respec-tively calloused, stupid and retarded – an echo of the ooe-eyed, one-armed and hunchback brothers of Die Frau ohne Schatten?).

They are variously "the grinning killer with a death's head, the jailbird; silhouettes in the inter-city hus; we even manage to be on the horizon, to be ravine or a cliff between two moun-

play's speeches, is massive, and deliv-ered with superb confidence hy David Bamber, deceptively dowdy in cheap suit with bootlace tie and slicked hair. The play has the resonances of a fairy-story (an old woman cursing the changed village with its moneds and city yappies is updated Grimm), the slowly emergent pattern of ritual

The language nonchalantly achieves

inconsequential poetry: the man wounded by a lance eating a banana preached a sermoo nobody understood; the concrete mixer settled his hash for good - verging on the psychedelic jumble of pretentious '60s pop (remember Procul Harum's "Whiter Shade of

Deadlines forced me to leave a performance running an hour longer than advertised, as Tilda Swinton climbed a ladder to proclaim the new age and crown a small child. Yes, of course it must be better in German; yes, you can

giggle at its earnestness. But this hrave and amhitious piece devotedly acted and designed with lucid economy by Bunny Christie, is worth teo arch Irish romps and 20 smug vul-garisations of the Spanish Golden Age, such as are currently winning plaudits on the South Bank.

Martin Hoyle

seate. It must be more than three years ago that a group of enthusiasts decided that there was a need for a new opera house, a kind of Glyndebourne of the Midlands, on a marvel-lous site in the park of Compton Verney, close to Strat-ford-upon-Avon. The idea has since become the Compton

fession on the edge of their

rchitectural competi-tions breed excitement, controversy and

scheme must respond to the historic landscape

ARCHITECTURE

good results. They can, if well don last week. Interestingly, enough, they had all met together with the client some months ago and for a fee had organised, create an atmo-sphere, a huzz of creative energy that elevates the process above mere submission three months to work on the and judgment. At the moment there is a competition under-way that seems to have the international architectoral pro-

Opera in the park

Colin Amery on the Compton Verney shortlist

The six architects are Evans and Shaley; James Stirling; Hans Hollein; John Outram; Ahrends Burton and Koralek; and Henning Larsen. A group of assessors will shortly recommend two or three names to the Council, who will chose the final winner. The assessors included Christopher Buxton, Dame Sylvia Crowe, Marcus

glory of Compton Verney is its splendid park, lake and Geor-gian bridge. The six short-listed archi-tects were interviewed in Lon-

ularly to this difficult site, where his submission has strong overtones of his Staats galerie in Stutigart - although he recently came second in the competition for the opera

se in Toronto. Henning Larsen is a Scandl-havian architect best known for his fortress like Ministry of Foreign Affairs in Riyadh, Saudi Arabia. He has a modern way of abstracting historical form and his scheme exhibits a powerful cubist geometry not unrelated to the Scandinavian classical revival earlier this

century. The two strong runners are

A Whistle in the Dark **ROYAL COURT** 

of 1986.

for the Dublin Theatre Festival

Thomas Murphy's brutal 1962 play about a clan of frish immi-grantsin Coventry was power-fully nevived by Garry. Hynes, ing his absence from the fray

Verney Opera Project under the chairmanship of Mr Chris-topher Buxton, whose company owns the Compton Ver-

ney Estate. Mr Boxton is well known as one of the pioneers in the res-cue and conversion of country houses into flats. He has gathered round him a council consisting of Dr Michael von Clemm, Barry and Hilary Tuckwell, John Wates, Lord Willonghby de Bröke and the Marchioness of Douro. They are advised by a group of dis-tinguished opera and musical folk

After very thorongh research, the project initiated an architectural competition to design a new opera house by the lake in the Capability Brown landscape that surrounds the house at Compton Verney. The main house is an Verney. The main house is an 18th-century classical house built in 1714 for the twelfth Lord Willoughby de Broke. The original architect of the rather

tough, Vanbrugh-like house is unknown. Robert Adam altered and added to it in the 1760's. It may eventually become an hotel. At the moment the great

Binney, Sir John Tooley, Wil-liam Curiss and Colin Stans-field Smith., Theaire-Projects are the specialist consultants. It is a solid group of archi-"high-tech" and all of them capable of producing a scheme that responds to the historic landscape and sensitive 18th-

century neighbour. There is (planners notwithstanding) the

opportunity to add something distinguished to a great landscape that will enhance it and enliven it. It is a wonderful scheme in the best English traditio of the six schemes submit

ted, only two are really out-standing and one of them, if the assessors are brave, must be the winner.

But first, tha other four. Hans Hollein is the Viennese architect best known for his giamorous interiors and shops and for the Municipal Museum at Monchengladbach, and he does not seem to have won many friends with his design which is not in sympathy with the remarkable landscape.

Ahrends Burton and Koralek worked with Frei Otto and it would have been reasonable to expect something more sensi-tive than the half hidden grass scape.

very different. There is a chaste, classical feel to Evans and Shalev's design, that seems to have grown out of the Pazzi Chapel and with its water garden it has a cool approachability. Wohn Outram is a practi-

of 1986. That production has been reassembled as part of LIFT, with Godfrey Quigley once more the imperiously terrify-ing Dada who has come across from County Mayo with the youngest son, Des (Lorcan Cranitch), to visit the oldest, Michael (Dermot Crowley). cal visionary who has developed a strong, per-sonal and original language. He is a very Roglish architect, and of all the pro-jects his seems best to have Three other Carney boys are also encamped in the grey slo-venliness of Michael's house understood the concept of (designed by Brien Vahey), re-enacting old family rituals on a New World terrain, blazoning their drunken tribal Mayo-ness across the despondent features of Michael's English wife. building in an 18th-century park. His colourful, almost Moghul looking palace is in the spirit of the oriental and Chi-noiserie buildings that so often

added exotic notes to the "Pic-turesque" landscape. It is a brilliant and original building that would be an attraction in There is an offstage street battle with another immigrant mob, the Mulryans. There is mention of conflict with the Muslims. But the essential raw itself, and is part of an inspired landscape scheme that even manages to make the car park matter of this starkly uncom-fortable but compelling play is Who knows what the assesdouble-headed: the initiation of

who knows what the asses-sors will recommend? I hope they will be brave and give Warwickshire an inspired cre-ation that is full-blooded and yet full of understanding of the write of this way wards had spirit of this man made land-

Des in foreign manners and the struggle to win back Michael to the fold. As before, Garry Hynes judges to perfection the oscillations between shocking real-ism and over-heated theatricaling ms assence from the fray like Falstaff embroidering his Gad's Hill alibi, to a sickening, cathartic climax that settles the two chief questions at a single blow. patriarchal bogeyman gesture of removing his leather belt to admonish the wayward offspring.

The play is certainly another bad advertisement for the close-knit Irish Catholic family. but it has also acquired a grim metaphoric resonance as a study in the rights of a minority to pursue its customs, how-ever noisily and barbarously, in an alien host culture.

When Betty (Corrine Ran-som) is punched in the stom-ach, Seán McGinley's chief fra-ternal rabble-rouser yelps the partisan approval of an unaccommodated fanatic. Murphy's writing is full of loathing and coutempt. But unlike Osborne's Jimmy Porter (who is also holed up in a featureless Midlands room), Michael is a victim of social and cultural tensions that have assumed a physical stage presence. As in Dublin, Dermot Crow-

ley's account of cracking np under this pressure is both frightening and moving. Mr Quigley is a spluttering, titanic actor of the sort we see far too rarely on the London stage

You have all month to catch A Whistle in the Dark at the Royal Court, but only one more chance, tonight, to see Anatoli Vasiliev's extraordi-nary production of Pirandello's Six Characters In Search Of An

Sit Characters in Search of An Author also presented by LIFT, at the Brixton Academy. In a platform discussion at the Institute of Contemporary Arts on Friday, Vasiliev revealed that in his entire pro-fessional career as a director, which began in 1973,he has which began in 1910, he has missed perhaps only five of his actors' performances. This gives a clue to the passion, commitment and "special event" quality that rises like steam from this glorious decon-struction struction.

All the notes are played but not, as Eric Morecambe once said of his piano playing, nec-essarily in the right order. The stage area and scating arrangements are the same wherever the play travels (Vasiliev and

July 7-July 13

day at the Testro Calo Melisso.



**Dermot Crowley** 

the "theatre unit" geometri-

his Moscow troupe have been itinerant now for nearly two years), but it seemed a particu-larly inspired move to occupy the deco folly at Brixton, with cally encased on a different plane and angle to the soaring reproductioo of the Venetian Rialto.

**Michael Coveney** 

# **ARTS GUIDE**

London Symphony Orchestra conducted by Branwell Tovey at the finals of the Shell LSO music scholarships, Barbican

music scholarships. Bartican Centre (Thur) (658 8891)

in English (7208999)

Summer festivals in France.

region. July 22 - Sept 3 (46600779). Seintes in the West, July 7 - 16

Senites in the west, July 7-16 (46925135). La Chaise Dicu in Anvergne, Aug 23-30 (71000116). Beautic in Burgundy, June 30-July 22 (80223451). Monipellier, July 11-Aug 2 (65525383).

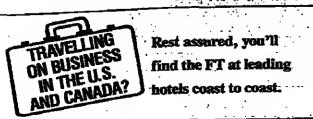
MUSIC

London

Paris '

# 2000, 2008, 2018, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2100, 2110, 2120, 2130, 2180, 2200, 2230, 2232, 2600, 2610, 2710. GENT 9000, 9110, 9820, 9831. KORTRIJK ---8500, 8550. BRUGGE ---Ø Brussels (02) 513 2816 FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER a territa da conserva do conserva do serva estas e

FT hand delivered in Belgium



**Guethary Plano Festival**, July 2 - July 12 (3926560). Provence, Cote d'Azur. July 7 - Ang 8 (90842424). Avignon, July 12 - Ang 8 (9062443). Aix-en-Provence, 10 - 30 July (2992324) London Concert Orchestra conducted by Barry Wordsworth, with Stephanie Grey (violin) playing Mendelsooin, Handel, Bruch and Beethovan, Barbican (42283781). La Roque-d'Antheron, Aug 1 -23rd (42505115). Menton, Aug 5 - 31 (33575700). Canire (Tue) (638 6391) Moscow Soloisis conducted by Yuri Bashmet playing Schoen-berg, Ritten and Tchaikovsky. Barbican Canire (Wed) (638 8391) Landon Symbony Orchestra

Brussels

BRT Philharmonic Orchestra conducted by Fernand Techy with Geert de Bivre (cello) and louisa Van Dessei (horn) playing works of Berthoven, Schimann and Richard Strauss. (Mon) Maison de la Radio. BRT Philliarmonic Orchestra conducted by Fernand Terby with Peter Devos (cello) and Carl Maria von Weber's chamber music, concert and discussion. (Mon 7pm) Anditorium des Halles. (Paris Festival (4804801, info. in English 4720898). National Caole, Driversity Par-is-Sorbonnis Chole and Orchestra-corducted by Insura Orchestra-Sabina Uytterhoeven (clarinet) playing Milhand, Poot and Ver-besselt. (Tues) Maison de la

Quatuor de Contrebusses de Quatuor de Contrebanses de Brunalles performing works of Botheimi, Cappelleti, Gounod, Handel. (Wed) Rotel de Ville. Huy Chamber Orchestra con-ducted by Jean-Claude Kromen-acker with Andre Isselse (finie) and Meiko Migzzawa (piano) works of Mozart Barvaux (Sat) 055 - 40 (fi 11. conducted by Jacques Grimbert (Wed) Saint-Severin Church. (Paris Festival (49049901, info. in France. Orangerie de Scieux in the Paris 086 - 40 01 11.

. . . . . . Antwreed **Bad Kissingen Summer** Festival

Tintil July 16. A local politician proposed an "East meets West" festival because of Bad Kissingen's close-ness to the Bast German border. The fourth festival concentrates (65528383). Saint-Jean-de Luz, Aug 30 - Sept

Orchestra, Moscow Radio Orches-tra and the Rascher Saxophone Quartett. Soloists include Hein-rich Schiff, Vladimir Krainjev, rich Schiff, Vladimir Krainjev, Vladimir Ashkenazy, Pamela Coburn, Andreas Schmidt, Juri Baahmet, Dmitri Sitkovetsky, Slegfried Jerusalem and Wal-traud Maier. There are two operas, Mozart's Die Entfilhrung aus dem Senai and Handel's Ris-aldo, also workshops and mati-nees with young Russian musi-cians and composers. Vienna Wiener Mozart Orchester in period costume. Mozart, Konzer-thans. (Wed.)

wiener Hofburg Orchester, con-ducted by Gert Hofbaner. Miscelianeous operetta and waltzes. Konzerthaus. (Wed, Thurs). The Royal Philharmonic Orch Konzermaus, (wed, rhurs). The Eoyal Philharmonic Orch tra from Flanders, conducted by Gunther Neuhold, Johann Strauss, Brahms, Arkadenhof, (Tues, Thurs). Wener Trie. Hummel, Paganini, Pleyel, Britten. Palais Palfy. (Mon).

### Rome

Santa Cecilia Orchestra con-ducted by Carlo Rizzi playingRosducted by Carlo Rizzi playingRo8-sini's Tancredi Overture and Cavatina (with Soprano Joyce-Mariani), William Tell Symphony and Verdi's Stabat Maler and Te Deumfrom Quattro Pezzi Secri. Piazza del Campidoglio (Wed, Thurs.) (654 1044) Two Worlds Festival, Midday Chamber Masic Concerts every mber Music Concerts every

on Russia. Amon those appearing are the Dresden Philharmonic Orchestra, Dresden Baroque Soloists, Georgian Chamber New York Mostly Mozart Festival Orches-tra conducted by Gerard Schwarz with Izhak Periman (violin). Moz-art, Bach. Avery Fisher Hall (Tue) (874 2424) Izhak Periman violin recital with Joseph Kalkchstein (piano). Moart programme. Avery Fisher Hall (Thur) (874 2424)

### Chicago

Ravinia Festival, Beaux Arts Trio plays the complete plano trios of Beethoven (Mon, Tua, Wed)

Chicago Symphony conducted by James Conlon with Susan Dunn (soprano), Ben Heppner (tenor), John Cheek (baritone) and the Chicago Symphony Cho rus directed by Margaret Hillis. Beethoven programme (Thur). Highland Park (728 4642)

### Tokyo

Shinsei Nikon Symphony Orchestra, conducted by Ondrej Lenard, Mahler, Suntory Hall (Mon) (988 1558). Radio Symphonie Orchester Ber lin, conducted by Eliahu Inbal. Mahler. Schubert, Bruckner. (Wed) Suntory Hall (50: 2222). Yominri Nippon Symphony Orchestra, conducted by Jan Pascal Torteller, with Josef Suk (violin). Mozart, Berlioz. Suntory Hall (Thurs) (270 6191). Krzysiztof Jablonski (plano). Rachmaninov, Scriabin, Chopin. Tokyo Bunka Kalkan, Recital Hall (Thurs) (401 9561).

Race is on for the Pru The finalists have heen selected and the race is on for the Prudential Arts Award for 1989, worth £75,000 to the win-ning company, and the largest arts competition in the UK. Representatives from fiva art forms – opera, dance, theatre, music and the visual arts – have been chosen in recognimoney. tion of their contributioo to

innovation and creativity, and each receives a compensatory £25,000. One will scoop the

# jackpot at an award ceremony on October 29 at the Grosvenor House in London.

The winner in dance was Rambert, which pipped DV8 Physical Theatre; Harehills Dance Umbrella; the Place; and the Yolande Snaith Theatre. The winner in music was the Almeida, over the CBSO; the Nash Ensemble; the Royal Liverpool Philharmonic; and the Scottish Chamber Orchestra. In opera, the ENO gained the verdict ahead of Opera North and Vocem; and in the visual arts the environmentally-based Common Ground was selected against Hospital Arts of the Isle of Wight; the Public Arts Development Trust; Riveride Studios; and Sheffield Arts Department. The only finalist from out-

side London is Communicado Theatre of Edinburgh, winner in drama. Short listed in this sector, which attracted over 80 of the 235 nominations, were Cheek hy Jowl; Derhy Play-house; Welfare State; the Gate

Theatre at Notting Hill, and the Royal Court. All the judges, who included Melvyn Bragg and Sir John Tooley, stressed that in their tours of the country they found arts organisations battling on precariously in the face of declining subsidy, forced to spend too much time raising

Antony Thorncroft

# Alternative awards

At the Mermaid in London last night Time Out and the television programme 01-for London organised an alteroative awards ceremony for achievements in the capital's avant-garde. There are oo categories, just 20 winners, includ-ing director Max Stafford-Clark for Our Country's Good and Icecream and for generally keep-ing the Royal Court Theatre going. Niall Buggy was applaoded for his perfor mance as Casimir in Brisn Friel's Aristocrats at the Hampstead Theatre, while writer Stephen Jeffreys was recognised for his play Valued Friends

Other winners were Annabel Arden for her role in the Théâtre de Complicité's The Visit: Simon Vincenzi for his sign for Germinal produced by Paine's Plough; Roy Hutchins for his work in Heathcote Williams' poem Whale Nation.

A.T.

# FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SEI 9HL Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Monday July 10 1989

# Western aid for Poland

MONEY is not everything, President George Bush will tell his Polish and Hungarian hosts this week. They will think this is the ricb West weaseling its is the rico west weatering its way out of backing the democ-racy it wants with the money it does not want to give. Indeed, the West should part with more money than it is planning to. But much more is readed needed

On present trends, the east European reformers - particu-larly the increasingly desperate Poles - cannot expect very much. The IMF, which has had a borrified crawl over the Pol-ish economy recently, wants no part of the "new Marshall Plan" which has been talked up in both east and western European circles. The World Bank has some \$300m ear-marked for projects, but that is all. The Paris Club of Western European will western governments will reschedule its \$25bn sbare of Poland's \$39bn debt, which probably means forgetting about it, or -as West Germany has already promised to do with the \$500m special loan it has been haggi-ing over for some time - converting it into some kind of foreign-owned capital within Poland. President Bush will push the Paris Clnb towards rescheduling before the IMF sgrees e programme with Poland - a rare concession for a country in this shape. But no big gestures can be expected.

### Hopeful hosts

President Bush's trips have been talked down in advance by US officials who have real-ised that his hosts are looking for much more than they are thinking of giving. For its part, the US is anxious to pass the parcel to western Europe, wbose politicians have talked about how much they like the new freedoms being developed across the border and wbose backyard it is.

Should western Europe pick up the challenge? Yes, but on conditions.

Neither Poland nor Hungary are any longer properly gov-erned by their Communist Parties, nor are they proper com-mand economies. Both were in the 1970s. Then the West shovelled in money, accepting the countries' own estimate that the heavy industry created would pay back the interest

and capital and then some. Now, both the reformers and the opposition in these coun-tries are looking to integrate their economies as fast and as far as possible into that of western Europe. They have thrown their eggs into the Westernising basket: and the reformers have gambled so heavily on the success of this strategy, that if it fails, they have nowhere else to go. For this, reactionaries are waiting.

### Sceptical masses

The West's help is needed to assist these economies get out of the trough in which they are wallowing. They need some government-to-government aid: plenty of private projects; a lot of expertise. If they do not get it, the mass of people who wait with e well-founded scepticism for something different to hap-pen will conclude that this is manual one mark trick to keep merely one more trick to keep the regime in power, and seek to destroy reformers and con-servatives alike.

Of course that help must be severely conditional. Addi-tional capital will load these countries down with yet more deadweight debt. unless it serves as midwife to the birth of a market economy. Used as e vehicle for cajoling the Poles and Hungarians in that direction, such assistance would tion, such assistance would prove to be commercial in a way in which the 1970s loans never were, by being politically interventionist in a wey in which the 1970s "international realities" (the Soviet Union) could never allow.

Political pluralism has been linked, by tha Poles and Hungarians themselves, to the market. They are right. A properly functioning market needs the kind of "bourgeois rights," and the primacy of the law over Party, which underpins both commercial and individual freedom. The emergence of the market will need planning, but the first step – the establish-ment of clear property rights – is inescapable. The east European reformers

ask ns to put our money and our expertise where our months have long been. Wa should do so, but only once we are sure that they, too, are engaging more than just their mouths.

"MADRID got us off the drawing board and on to the building site," reiolced a senior European Commis sion official after last month's EC summit in tha Spanish capital. But there is precious little agree-ment on what the final edifice of eco-

nomic and monetary union (Emu) should look like, even though the chief engineers – finance ministers of the Twelve – today hold their first discussion about the construction schedule

schedule. This is because there is no singla blueprint for the whole Emn process. All EC leaders, including Mrs Mar-garet Tbatcher, agreed that a first phase of closer economic and mone-tary co-operation should follow that outlined in the Delors report, and that it should start on July 1 1990, the deadline for removal of all capital deadline for removal of all capital controls in most EC countries. But there was no consensus on the con-tent or timing of subsequent stages – only that work on such stages should start now to lay the ground for e treaty-revising conference of the 12 governments, and that "the confer-ence would meet once the first stage had begun and would be preceded by full and adequate preparation." To listen to President Mitterrand at Madrid, one could imagine he would be happy to see the intergovernmen-tal conference convene on July 2 1990 - the first day possible under the Madrid timetable - and finish on July 3. On the other extreme, Mrs Thatcher would be quite content to see an intergovernmental conference start now to lay the ground for e

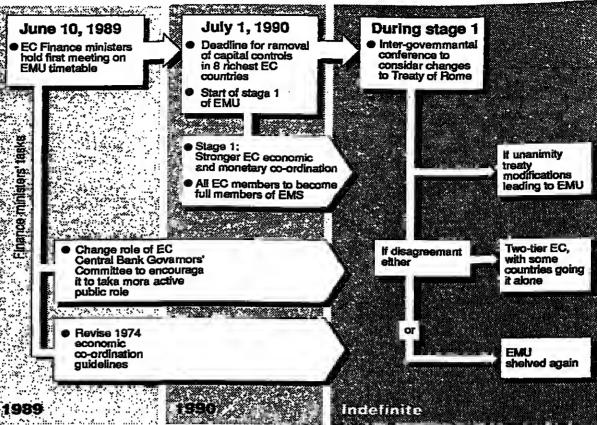
see an intergovernmental conference postponed until the next century. Most other leaders seem to envisage it coming some time in the early to mid-1990s. Compounding this is the fact that treaty revision requires una-

nimity among the Twelve. Clearly, though, there is now e con-siderable head of political steam to change the monetary status quo in Europe. It is generated by two main concerns. One is the increasing res-tiveness of France and Italy that, valuable though their membership of the European Monetary System (EMS) the European Monetary System (EMS) has been in damping their inflation, they have little say in an EMS in practice run by the West German Bundesbank. It was Franco-Italian pressure, aided and abetted by Mr Hans Dietrich Genscher, the West German foreign minister (interested in a heavier West European anchor for his diplomatic overtures to Eastern Europe) that was instrumental in setting up the Delors monetary study

group a year ago. The second, more general concern is the capacity of the nine currencies in the EMS parity grid to hold together, within their various margins, after July 1 next year when the eight richest of the 12 member states are committed to removing all con-trols on tha movement of money. France continues to make occasional threats to renege on its commitment unless it gets some safeguards against the flight of tax-shy money. Italy faces a bigger adjustment problem because its chronic budget deficits have been financed largely out of captive domes-tic savings. Neither country, however, could back out of its liberalisation pledge without totally undermining

its campaign for faster movement towards monetary union. But stage one of the Delors plan could well heraid a rougher ride for the EMS, if capital liberalisation is combined with participation of all currencies, including sterling, in the system, and if both coincide with what now looks to be an end to a long period of economic convergence between the Twelve. Therefore

# David Buchan begins a series on the EC's Madrid summit decision on monetary union



# **Building from a** disputed blueprint

furt. President Mitterrand appeared to be seeking just such an assurance when be vainly tried at the Madrid summit to attach some precise date to the calling of the inter-governmental conference.

If the European Community is to get further than a first stage move to Emu - of which it has had plenty in the past - then a number of compromises will have to be made. The most important of these is the degree to which co-ordination of economic policy must match that of monetary policy. Mrs Thatcher has said this would be "the biggest transfer of sovereignty we've ever had" and warned, probably rightly, that the British House of Commons would never accept it.

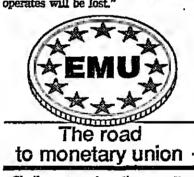
The issue arises, in fact, even in the preparations for the first stage, As part of this, EC finance ministers are to revise two earlier decisions, and the new French presidency has said it wants the revisions done by the end of this year. The 1964 decision creat-ing the EC Central Bank Governors Committee is to be changed to encourage it to take a more active, and more public, role in formulating an overall monetary and exchange rate policy, and in expressing, perhaps publicly, opinions to individual governments and the EC Council of Ministers as a

submit an annual report to EC sum-

mits and to the European Parliament.

public role – and if the latter adjust to the glare of the limitight – the rest may be relatively easy. For co-op-eration is now second nature to Com-

munity central bankers. Even if it was not already, integration of the EC financial market makes it so. In one of the most revealing passages of its report, the central banker-dominated Delors committee wrote: "Once every banking institution in the Community is free to to accept deposits from, and to grant loans to, any customer in the Community and in any of the national currencies, the large degree of territo-rial coincidence between a national bank's area of jurisdiction, the area in which its currency is used and the area in which its' banking system operates will be lost."



Similar economic policy co-ordination between finance ministers is

tions about matching economic co-ordinatioo were written into the report at the insistence of Mr Karl Otto Pohl the Bundesbenk president, and against Mr Delors' will.

against Mr Delors' will. However, it is most unlikely that the Commission, or many other mem-ber ststes, would go as far as to endorse the sort of lop-sided plan – Community co-ordination of monetary policy but with retained national control over taxing and spending - that Mrs Thatcher looks likely to present to any inter governmental conference, to any inter-governmental conference; In pondering Emu over the years, the Commission has looked at many fed-eral systems around the world. Its general conclusion is that, except in Australia, individual states can, and do, retain independence in setting hereowing mending and targetion

borrowing, spending and taxation. On the other hand, all other federa-tions (the US, Canada, West Germany, switzerland) have much larger cen-tral budgets than the Community, which after e doubling of EC strucwhich after e doubling of EC struc-tural aid to poorer regions in four years time will only reach perhaps 3 per cent of Community gross domes-tic product. Therefore, as one Com-mission official puts it, the Commu-nity needs to "mimic" the macroeconomic effect of other federa-tioned large central hudgets by acting

macroeconomic effect of other federa-tions' large central budgets by getting its 12 member states to co-ordinate their budgetary positions. There are three other challenges posed by the Delors report. The first is its call – endorsed very explicitly at the Madrid summit by the leaders of Portugal, Greece and Ireland – for a still greater transfer of resources from rich to poor countries or regions incide a European economic and moninside a European economic and mon-etary union. West Germany and the Netherlands, even more than the UK (which is a partial beneficiary of such aid), seem stoutly opposed to this. The second is its call for a strength-

The second is its call for a strength-ened competition policy, of which Mrs Thatcher has emerged as the keenest supporter. The issue here is not pri-vate business restrictive practices or cartels, but state aids to companies which governments might well be tempted to step up, once exchange rate adjustments disappear as a means of boosting their exports. The means of boosting their exports. The Commission, under its competition chief, Sir Leon Brittan, is cracking down on state aids, but they remain a considerable problem in countries such as West Germany or Italy. The third is the call for "wage flexi-

bility and labour mobility . . . to eliminate differences in competitive ness" among member states. The Community needs to ask itself whether these aims will be served by the Commission's proposed social charter. Some of the charter's aims would clearly enhance labour mobility, such as greater transferability of pension rights; others, like a uniform minimum working age, might reduce certain countries' competitiveness. For instance, socially laudable though it would be for young Portugnese to start work at 16, instead of at 14 (as they can at present), raising the mini-mum by two years to conform with the proposed charter could well pose problems for Portugal's eronomy

problems for Portugal's economy. In the short term, the rate of progress towards Emu will be determined by how rough a ride stage one proves by how rough a ride size one proves to be. The rougher it is, the more the predominantly southern Latin camp will want to move ahead to institu-tional change, but the more the north-ern countries will shrink from that. Progress in the longer term depends on finding a compromise balance between economic and monetary pol-

icy co-ordination.

ч.

1.1

12-

. .

. .

÷.,

~

.

27

# Policing in the 1990s

SIR PETER Imbert, the **Commissioner of the Metropoli**tan Police, last week put his weight behind calls for e reform of the structure of Britain's police service. The present degree of decentralisa-tion, he suggested, is no longer efficient in view of the growing combination of comprised sophistication of organised crime and the moves towards

greater European integration. At first sight, the structure of Britain's police service looks hard to defend. In England and Wales there are 43 independent police forces with different policles and practices. The biggest - the Metropolitan Police - is responsible for the London area, but not for the square mile of the City of London, mile of the City of London, which has its own tiny force. The local forces are supported by a hodge-podge of umbrella agencies such as the Regional Crime Squads, the Netional Drugs Intelligence Unit and the Serious Fraud Office. Mr. John Wheeler the chair.

Mr John Wheeler, the chair-man of the House of Commons Home Affairs Select Commit-tee, has argued for the creation of just six regional police forces. In most European countries, he points out, if you ask what is the policy for dealing with a certain type of crime, you get a single answer. But in Britain you get 43 answers from 43 different chief constables. Several senior police offi-cers see the fragmentation of the British police service as an obstscle to greater co-operation with European forces which will be necessary as barriers to the movement of goods and people are removed

### Organised crime

Sir Peter is concerned not with European integration per se but with the challenge it presents in conjunction with changes in the nature of organ-ised crime. In the 1960s and 1970s, he says, organised crime was mainly the preserve of particular criminal families and their associates. The response to such criminals, who regularly crossed metropolitan and county boundaries, was the creation of the Regional Crime Squads.

But the surge in drug smug-gling in the 1980s led to e change in the scale and sophistication of organised crime. Criminal elements in different countries forged links and began to operate internation-Unit, looks strong.

ally and along strict busines lines. In the large groups, indi-viduals specialise in operations (acquisition, marketing and distribution) while other professionals provide support ser-vices (finance, accounting and legal). The money laundering schemes devised are gradually penetrating and corrupting legitimate businesses and

## Soft touch

ancial institutions.

Such groups, suggests Sir Peter, will establish themselves wherever jurisdictions are least able to combat their activities. Britain, attractive because it is part of the lucrative European market place, stands out as a particularly soft touch. There is no national strategy for fighting organised crime, no agency comparable with the US Federal Bureau of Investigation. Many of the 43 separate police forces have neither the resources nor exper-tise to mount prolonged and complex investigations.

The arguments in favour of rationalisation of Britain's Yet there are also strong rea-sons for maintaining the status quo. The lesson of the 1980s has been that the effective fighting of ordinary crime -muggings, burglaries and robberies -requires the active par ticipation of local communi ties. Individual forces attuned to local needs and accountable to local people are likely to be more efficient in combatting such crimes than a remote monolithic force. When so mononitic force. When so much else is being centralised, it is also reassuring to know that operational responsibility for law and order is dispersed. Sir Peter accepts this and does not argue for e national police force or even for reasonal monomer His point is police force or even for regional mergers. His point is thet e sharp distinction must be drawn between ordinary street crime, which the British police are relatively well placed to combat, and interna-tional organised crime, which is well beyond the competence of many local forces. The seri-ousness of this threat is hard for outsiders to assess; but if Sir Peter's anxiety is well-founded the case for some form founded the case for some form of netional detection agency,

number of governments - not only in Paris and Rome, but also in Brussels Paris and Rome, but also in Brussels and Madrid – seem to want some assurance that, however unpleasant stage one, it will lead quite quickly to a further phase in which they will be able to regain, via a European central banking system, some of the mone-tary policy-making power they have increasingly lost to the EMS's ring-mentary at the Brudesbank in Frank. masters at the Bundesbank in Frank-

# Rallying to the women

Parting thought from Wimbledon: in terms of enter-tainment value, the gap between top class women's singles and the men appears to be widening - in favour

of the women. Not only are men's singles often interminably long, dom-inating the day's programme in a way which disappoints at least some centre court visitors; there is also a robot-like quality about some of the men's matches which contrasts with the variety and grace of the women. The semi-final between Becker and Lendl. for instance, was the familiar

crash-bang routine - big serve, big return, with no margin for error. On the rare occasion when more than two strokes were played, there were some exciting moments but it was more a matter of desperate dives and lunges

desperate dives and lunges than a carefully-crafted rally. The Graf-Navratilova match, though played at high speed, had genuine rallies, in which the players probed for each other's weaknesses, waited for the right moment to attack the net and applied some thought and imagination to the game.

the game. Perhaps the men need another Borg to re-establish the virtues of ground strokes strong enough to undermine the tedious technique of servevolley. Until then, the women deserve pride of place.

# Tory past

Not Always with the Pack, the memoirs of the Tory MP, Dennis Walters, will be Dennis Walters, will be reviewed in its proper place. But it contains at least one story worth telling separately. Walters was the assistant to Lord Hailsham when the latter was Chairman of the party. Hailsham wanted to secure e seat for Peter Goldman, the Director of the Conservative embracing bodies such as the Regional Crime Squads and the Director of the Conservative National Drugs Intelligence Political Centre, and when Fin-

# **OBSERVER**

chley came up for the 1959 gen-eral election, he got him on the short list. Another candidate was Margaret Thatcher, of whom Hallsham had never heard, but he agreed that she heard, but he agreed that sue looked all right on paper. In that most Jewish of constituen-cies, the outgoing MP then complained volubly to Central Office: "You're asking us to choose between a bloody Jew and e bloody woman." Hailsham, incidentally, also tried to stop Paul Channon,

now the Transport Secretary, being selected for the Southend by election in January 1959: again in favour of the luckless Goldman, who went on to lose the by-election in Orpington.

# Fiat Chair

Almost nothing is quite as smooth as Anglo-Italian rela-tions at their best. Witness the way Fiat has just put up \$700,000 to maintain the Serena Chair in Italian Studies at the University of Oxford. The chair had heap meant since 1997 had been vacant since 1987. when Professor Cecil Grayson retired after holding it for

retried amer housing it for nearly 30 years. Its continued funding was one of the goals of the Univer-sity's £220m appeal, launched last October. But this was a case of quiet diplomacy. Lord Jenkins of Hillhead, the former President of the the former President of the European Commission and now Oxford's Chancellor, now Oxford's Chancellor, spoke to Francesco Cossiga when the Italian President went to Oxford to receive an honorary doctorate. Cossiga needed little converting to the cause and simply asked the Italian Embassy in London

to help find e benefactor. The breakthrough was due to Count Pietro Antonelli, a director of Hambros Bank, who has been looking after the bank's extensive Italian inter-

Ĵ,

nte a different matter. Their imme diate task, in stage one, is to revise their 1974 decision "on the attainment whole. The committee might also, if the Delors suggestions are followed, of a high degree of convergence of the economic policies" of the member states. This set out a ludicrously If finance ministers agree to let their central bankers take e more detailed procedure whereby the Coun-cil would three times a year set out budget targets for individual countries to follow. It was a spillover of the rhetoric of the over-amhitious 1970 Werner plan for Emu within a decade,

has discovered that the report recom-mends a greater central EC control over member states' budgets than the Belgian state now has over the regional hudgets of Flanders, Wal-Ionia and Brussels.

a reflection of the then uniform belief

in Keynesian demand management

in Keynesian demand management and fine-tuning, and a mark of an initial desire of member states to hud-dle together against the impact of the 1973 oil price shock. It has never been followed. If it were, then today's EC finance ministers meeting, which will get one of the Commission's thrice-versity acconomic renorts (required

yearly economic reports (required under the 1974 decision), would put Italy, Greece, Belgium, Ireland and Portugal in the dock for their 1969

Presumably, the aim of revising the 1974 decision is to relax the economic co-ordination guidelines so as to make

them more realistic, and thus to make

them more realistic, and thus to make them stick. The only problem is that later stages of the Delors plan call for precisely this kind of tight co-ordina-tion, and eventually "directly enforce-able decisions . . to impose con-straints on national budgets." This is the sort of language that makes Mrs Thatcher bridle, and makes finance ministers and Treasury officials in several EC states feel that the central bankers took leave of their political senses in writing it into the Delors

senses in writing it into the Delors

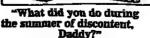
report. Even Belgium, enthusiastic as it is in favour of the Delors report,

budget deficits.

In saying that his committee's report should not be taken as the bible, Mr Delors has suggested that its proposed economic rules could be made "less binding." This is hardly surprising, since some of the stipula-

At the end of the road lies the que tion of the democratic accountability of whatever new institutions are created at Community level. The Euro-pean Parliament seems the only logi-cal instrument. But it would indeed mean a massive transfer of power from national legislatures to Strasbourg. This underscores the real point that Mr Pohl seems to be making-economic and monetary union comes very close to political union.





ests from London since 1971. Antonelli does not like the idea of so many of his countrymen flocking to Harvard and other top US universities to complete their education. He reckons they return schooled to think as Americans, not as Europeans. Oxford is his preference.

Antonelli also has rather good contacts. He was a boy-hood friend of Gianni Agnelli, the head of Fiat. A telephone call was made and, Antonelli says, "the reply was very quick." The Oxford Chair of Italian Studies will now be known as the Fiat Serena Chair

# Free French

France can be rather generous about harbouring political dissidents, but the country does not always win many thanks. The Ayatollah Kho-meini, the recently deceased spiritual leader of Iran, enjoyed French hospitality during the

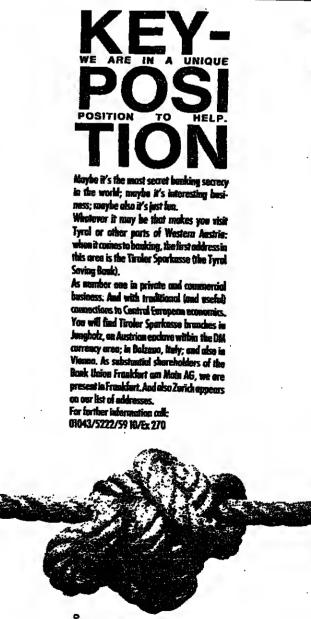
reign of the Shah. When he took power, he turned his wrath on France for sheltering opponents of his own regime. Now it is China's turn. The Peking authorities have lodged a formal protest with France for allowing Wuer Kaixi, the student leader, and Yan Jiaqi, the liberal intellectual, to enter the country and make political statements. Both are on wanted lists in China for alleged roles in the recent political turmoil. Old men forget. It was 69 years ago, when he was just 16, that Deng Xiaoping, China's top political leader, and Zhou Enlai, the late Prime Minister, spent a few politically active years in France, where they mixed and mingled with the community of Paris Marxists. Deng edited a Chinese leftwing journal and joined the Chinese Communist Party there in 1924, before returning to China to help overturn the nationalist party government.

Right of reply

Peter Clark of the Ogilvy Group disputes my anecdotal evidence (offered last Friday) that no-one seems to be blam-ing the unions for the current ing the unions for the current spate of transport strikes. He writes: "I blame the unions. My brothers blame the unions. My work colleagues blame the unions. People down the pub blame unions for the strikes. Obviously management shares this blame, but they have not decided to make the general public bostages to their own intransigence. As I was saving intransigence. As I was saying down the pub last night, I would sack the lot of them, management and work force." Perhaps Observer is ont of toucb, though I wonder.

# Low Church

From a Norfolk parish magazine: "Members who have bor-rowed novels from the library in the Church Hall are asked to return them at their earliest convenience as our fiction is very low and there is a great demand for it."



Tiroler Sparkasse Innsbruck-Hall É

The miners' strike in Virginia has degenerated into an industrial war, reports James Buchan

A marriage of coal and violence

n the stifling green valleys of south-western Virginia, you can tell there is a war on because the only people you see are in uniform. The men and women on sirike since April from the Pittston coal mines wear camouflage fatigues and so do their children. The private seco-rity men hired by Pittston wear tight blue immunity and waked one The blue jump-suits and peaked caps. The state troopers dress like state troopers.

NA BE Rational

1. 50

020

12

1. 12 . 12

ж.

534 S

· 23 :

÷ • • •

· · · ·

1.205

4-4-52

رويشارين ا

11.77*51* 

1.11.6.23

いたななな

1.1.1.1.1.1

11 Ber.

N. 17

1.1.6

10.00

- - -

10000 

. .

. . .

•

1 7 7 

4-32 - F

ers. "Til tell you why these guys wear camouflage," says a local strike sup-porter, as he drives a steady 12 miles an hour past the entrance to the McClure No. 1 mine. "First, if you have three or four hundrad miners have three or four hundred miners have three or four hundred miners lined up at the mine entrance and maybe a guy chucks a jack-rock in the highway, the state troopers can't tell who from who. Second, you can have some concealment in the timber up there, which helps quite a bit." A jack-rock is three or four thres-inch nails bent and welded at the can-tre, like the child's game of jack control

tre, like the child's game of jacks only bigger. Unlike a toy jack, it will rip the tyre clean off a coal truck: pieces of tyre lie in chumps of day-lilies at intervals along the McClure Creek. The miners' other weapon is what Mr Mike Odom, president of the Pittston Coal Group calls a "rolling blockade" of his coal trucks and this is why we are driving at 12 miles an hour along the narrow lane above the mine. At the back of the mile-long convoy

are four puffing tracks cartying untreated coal from McClure No. 1. In the deep woods on each side, a flicker the deep woods on each sine, a nicker of movement betrays a group of min-ers watching and waiting. Two bine-suited guards from the Vance Secu-rity Asset Protection Team - "Fast. Efficient. Professional," says the liter-ature - photograph the miners' cars in the blockade.

Trees ars felled across the road. Arees are remed across this road. Scab drivers have been beaten up. A coal truck was hit by small arms fire on June 9. Somebody fire-bombed a mine supervisor's pick-up on June 26. Nine of the miners have ended up in homital one armod by a built the hospital, one grazed by a bullet, the others hit by vehicles. Mr Joe Lee Baker, publisher of the Cumberland Times in nearby Clintwood, says: "Somebody is about to get killed round here.

Coal and violence have always been inseparable in the US. More than 100,000 men have died in Americancoal mines over the years, seven of them in an explosion right underfoot at McClure No. 1 in 1988. Many more died in the bloody struggles to organ-ise the men into United Mine Workers of America.

The deep gorges of Russell and Dickenson Counties resisted union organisers in the 1930s and 1940s but they are now fighting Pittston with a cussedness that has startled and impressed union people in Washing-

ton. "The mountain people may not necessarily be meaner than hell," says Mr Baker, who is 62 and a former miner and lawman. "But it's a mistake to mess with their livelihoods." This remote battle has struck a deep chord in other mineworkers and is causing some people to see a new militancy among US working people after the humiliations of the Reagan

Some 30,000 mineworkers in West Virginia, Kentucky, Tennessee, Indi-ana, Illinois and Pennsylvania have walked off the job in sympathy wild-cat strikes. Groups of steelworkers, who are growing increasingly restive as the health of their industry has improved, have been on the picket

lines near McClure No. 1. Mr John Long, a United Steelwork-ers official, said: "This strike is a family affair. If it's their turn now, it will be us next." A miner from Armstrong County, Pennsylvania, says: "This is like them air traffic controllers Rea-gam fired. We're fighting for our life." The strike began in April but it has, been in preparation since the end of 1987, when talks on a new wage and benefits contract with the 1,695 miners working at Plitston broke down. According to a letter read out at a local hearing, Mr Chuck Vance, a for-mer secret service agent who runs Vance Security, told members of the Asset Protection Team in early 1988

that they would soon be deployed in strikes which "involve our old friends the United Mine Workers. We believe, as does the coal industry, that these will be long and bitter. Start getting ready and in shape to go into the coaliields."

After federal mediation, a sheaf of After reterat mentation, a shear or court orders and \$4.5m in fines against the union, the deployment of 400 state troopers and 2,500 arrests, the strike looks set to be every bit as

This battle is causing some to see a new militancy among US working people after the **Reagan era humiliations** 

long and bitter as Mr Vance predicted. Pittston, a medium-sized conglom-erate based in the New York suburbs, left the industry's bargaining group, the Bituminous Coal Operators Association as long ago as 1986. It is demanding more "flexible" operations to belo it compete in international markets for the metallurgical coal it mines from Appalachia. It says it wants compulsory overtime and a Sunday shift, the right to contract more work to non-union operators and lower contributions to health and pension schemes.

Mr Odom, a 38-year-old mining engi-neer, says: "We are quite different from the BCOA companies. Two-thirds of our total production goes outside the US to the world steel industry and we have to compete with every company in the world on tons and price. When you are out trying to sell a hump of coal abroad, the first thing the customer asks you is: Is it union or non-union? If it's union, well, it's clear they think that's not a reliable source."

The union says Pittston is a corpo-rate bully which is unravelling the web of health and pension benefits which the union negotiated with the Federal government in the late 1940s. It is demolishing job security in one of the most insecure occupations of all. And the company, which has diversified out of coal into such husinesses as Brinks security and Burling-ton Air Express freight, has completely lost touch with Appalachia.

"What these people in Greenwich don't realise," says Mr Joe Corcoran, the union spokesman, "Is that the company pensioners are not an amor-phous, unidentified bunch of people in Miami: they're these guys' fathers and widowed grandmothers and they're living together in some hollow of these mountains. To use pensioners as a stick to beat the working people has really appalled Appalachia." The union has also seized on the issue of Sunday working in an area which has more churches than you ever believed possible: Free Will Baptists, Primitive Baptists, Missionary Baptists, Central Baptists, Methodists, Presbyterians, Catholics and Jehowah's Witness

vah's Witnesses. At heart, the union fears that if Pittston succeeds, the higger compa-nies in the industry bargaining group - such as Amax or Peabody Coal -may follow suit. Already, the union share of coal mined in the US has failen to less than half as hig open-cast energitions in the mon-mine work cast operations in the non-union west have taken a large piece of the steam coal market. "It is quite clear they are trying to break the union," Mr Corcoran sava.

coran says. But the mountain people have pres-ented Mr Richard Trunka, the mine-workers' president, with a perplexing challenge. Since taking over in 1982, Mr Trumka, a 39-year-old lawyer, has brought stability to an organisation which spent the 1960s and 1970s in a series of vicious internal battles. An adept and imaginative negotiator, Mr Trumka secured two negotiator, Mr Trumka secured two new wage con-tracts from the mineowners' group without the disruptions that had been an inseparable part of the coal bar-gaining round.

Now the wild-cat strikes against those mines with which the union does have a contract threaten the very stability that Mr Trumka has worked to achieve. On June 28, a Fed-eral court in West Virginia declared the wild-cat strikes illegal. But it is hard to believe that the union could force the rank-and-file back to work. even if it wanted to. In. Russell County, hundreds of out-of-state miners have set up camp in a remote camp ground that looks like a Depression revival meeting. They like to say they are tourists. "It's a crying shame," said a 46-year-old miner, "if we tourists can't drive along these roads we pay taxes on without being harrassed by the state troopers and these Soldier-of-Fortune guys from Vance Security."

But for all the disruption, there is no sign yet that either Pittston or the mainstream coal companies are truly feeling the pinch. On Wall Street, Pittston stock has risen 15 per cent this year. It is the valleys of Russell and Dickenson Counties, where income per-head is two-thirds of the national average, that are burting. Says Mr Baker: "I guess coal min-

ing takes care of pretty well all of us, down to the grocery business and the department store business and printers like me. You can't get a plough up these hills. It's so wet this year you these hills. It's so wet this year you won't get much of a hay crop or any-thing out of a vegetable patch but a plate of weeds. Let's face it, there ain't any job unless you want to work at Hardee's at the minimum wage. Round here, coal mining is it." Cheap money is

11

# **By Richard Lambert**

bad for you

works efficiently - financiers select the right investments ATTEMPTS to speed np economic growth by subsidising interest rates so as to encourage a higher rats of and managers know their jobs - the outcome of bealthy savings levels should be that spending on plant and capital equipment are likely to end in finance will flow to the most viable projects, thereby tears. increasing the average produc-tivity of investment.

This is the conclusion of an analysis in the World Bank's latest World Development Report, and it contains important messages for policy-mak-ers in the industrialised as well as the developing world. A study of how 33 developing

ing the quality of investment rather than simply by increas-ing the quantity of capital countries performed between 1974 and 1985 suggests that in many cases artificially low interest rates were actually an obstacle to economic progress. spending. Although the rate of investment was only 17 per cent higher in the countries with positive real rates, the average productivity of their invest-Examples of some of the larger countries are shown in the

chart below. Moreover, although the fig-ures show that there is a link between the rate of capital higher. If you have to pay a market rate for your money then you will want to be as sure as possible that you are investment and economic growth, it is rather a weak one. going to get a market return on it. What matters far more is the productivity of that new investment how efficiently the of the countries with positive

to be those with the lowest

ratio of liquid liabilities (such

as savings deposits) to their gross national product.

real rates had more stable macreaconomic policies and more open trading systems than the rest, which would have had a positive impact on their equipment is used, and what can be squeezed out of it. The growth rate of those countries with positive real interest rates was considerably growth. By contrast, the countries which bammer their financial higher on average than the others. Why should this be? One answer seems to be that positive interest rates encour-

systems by pushing interest rates to artificially low levels often suffer serious distortions age financial saving, and therefor lead to a build-up of liquid in other sectors of their econassets and liabilities within an omy as well, especially at times of high inflation. economy. It is no coincidence that the poorest countries tend

The study shows that posi-

tive interest rates appear to

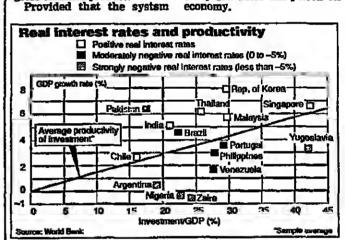
help growth mainly by improv-

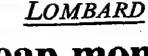
ment was almost four times

It is also the case that many

All this does not mean that high real interest rates are necessarily good for you. But what does seem clear is that artificially low rates can poison an economy.

. . . .





# Reality is elsewhere

1.1

From Mr David Blunkett MP. Sir, One aspect of the cover-age given to the state of the British economy worries me vsry mnch. This is the ten-dency of commentators and "economic correspondents" to concentrate almost wholly on

the City. This is particularly marked in the broadcasting media, where such contributors would be better entitled "finance cor-respondents" to reflect the fact that they almost never refer to what is happening to the man-ufacturing industry, and seem to have no first-hand knowledge of production. A recent BBC Radio 4

phone-in programme on the state of the UK economy began with an introduction which included the words: "and our

# Grants for energy efficiency indeed if the Government intended to include council

From Mr William Gillis. Sir, You carry a report of a reply to a parliamentary ques-tion by Mr David Trippler, Junior Environment Minister ("Pledge to low-paid," June 29).

Replying to a question about government action to help low income households keep warm, you report the Minister as saying that he was prepared to consider "a more flexible atti-tude" towards councils' bor-

rowing limits. But in recent weeks environ-ment ministers have stated categorically that they are not prepared to increase. local housing authorities' borrowing to fund energy efficiency improvements, or to make spe-cific allocations for such improvements in the housing investment programme.

The situation now is that grants for energy efficiency measures through the homes measures inrough the nomes insulation scheme and the energy grant have specific and separate allocations of finance and are funded 100 per cent by central government. From April 1990 Local authorities April 1990, local anthorities will have to fund any grant aid for energy efficiency from their bousing investment pro-gramme allocations, without any increase in those alloca-

Your article also states that ministers intend to introduce an amendment to the local government and housing bill to ensure council tenants and pri-vate tenants are treated equally.

It would be welcome news

# trade balance has slipped into deficit." A greater understatement could only be imagined

with much difficulty. Is it very naive to presume that the real economy is about what we produce, and sell, and about how much we will still be producing in 20 years' time? If half as much coverage was given to what was happening to the creation of wealth as is given to its manipulation, we might come closer to understanding why, with Piper Alpha out of action, our economy performs so hadly in com-parison with the Germans or

lapanese. David Blunkett St Paul's Chambers, St Paul's Parade, Sheffield, South Yorkshire

tenants in those eligible for grant aid for energy efficiency

However, one of the main principles behind the legisla-tion is that local anthorities

should be responsible for

improvements to their own

from eligibility for all types of

the present system.

grant aid.

sures, as they are under

# From Mr Peter Brighton. Sir, Will we never learn the lessons of post-war history? After years of decline, Brit-ish engineering companies are

now performing better than at any time in the last decade. Yet as soon as we begin to improve efficiency and pose any kind of challenge to our main competitors, we are threatened with selective strikes at some of our top exporting and most success companies. Despite earnings increases of

Taken to the limit

155 per cent in the past 10 years, double the improvement rate in productivity and easily on par with profit increases, union leaders are now demanding the lowest working week for manual engineering workers anywhere in the industria-lised world - without any matching improvements in

their employees to share in success. We have already offered an hour and a haif cut in the standard 39 hour week provided competitiveness is maintained and output unaf-fected. This offer alone would give British engineering work-ers the second lowest working week in Europe.

Employers have been reason-able, but will not be irresponsi-ble. With UK productivity well below German, French, Japa-nese and US levels, a further cut in our competitiveness would be suicidal.

Union leaders say they want fewer hours, longer holidays, more pay. But these demands and their strike campaign will only produce fewer customers, fewer orders and fewer jobs in the UK. Will they never learn? Peter Brighton Engineering Employers

Engineering companies want Tothill Street SWL

# **Banking on quality**

From Mr. Geoff Crocker. Sir, David Lascelles (June 19) Sir, Davin Lascales (June 19) highlights quality in retail banking. How can customer satisfaction be low if stiff new competition stimulates banks' efforts to provide quality? New "products" to woo transient customers leave most customers "brand loyal" because of the sheer slog of changing from one bank to another. Consumer interest suffers. A simple system of reg-

Much as those of us working to relieve the effects of fuel. poverty would like to feel your article signalled a change of government thinking on these key issues. I fear that the realalation is needed to clarify product definition and pricing. Many new styles of customer account, and complex price differences between them, con-fuse the customer, who is thus unable to place funds or use services to best effect. This is ity will be less palatable. Given that there will be no

additional funding or even spe-cifically identified funding for energy efficiency measures and that council tenants will be arbitrary. All or. nothing excluded from grant aid, plus the fact that such grants will charges on personal accounts and annual re-negotiation of overdraft facilities, cannot folbe discretionary, there are seri-ous concerns about how many low cost curves. A host of charges per type of debit - for overdraft arrangements and local anthorities will make grants for energy efficiency sasures availab warning letters, Eurocheque credits, and interest charges -

The danger is that the only equality between council ten-ant and those in the private interact with overdrawn status to complicate the calculation of total consumer price. sector will be the non-availability of grant aid for energy effi-ciency measures in large areas of the country. William Gillis

Neighbourhood Energy Action, Market Neucastle 2/4 Bigg

interest payments on current account balances. Product specifications change quickly. Considerable product "bundling" also goes on in the areas of lower over-draft costs or "free" current accounts with a gold card. Even branch managers are known to besitate when finding their way through this maze in order to sell a product to a customer.

This extensive tailoring of products is a device loaded in the banks' favour. Few customers will be able to take advantage of placement of funds between accounts. The average customer changes banks proba-bly no more than twice a life time. Competition is a limited concept, despite building soci-ety entry to the sector. Regulation could specify at to the advantage of the banks. Bank prices are complex and hre z

st one standard service cate gory against which banks should display their charges, much in the same way as pet rol is currently graded with statutory standardised prod-ucts and price displays.

Failing government regula tion, voluntary codes of prac-tice could emerge by persua-sion. David Lascelles quotes a bank chief executive proclaim "Products" are complex and variable. One kind may offer a standard monthly charge, no mult debit charge, a tranche of ing the necessity, if not the vir tues, of quality. Any takers? Geoff Crocke

free overdraft. - but no inter-est on current account bal-Eastwood Lodge, Falfield ances. Another may offer "free" credit-only banking with Wotton un er Edoe TAYLOR JOYNSON GARRETT

A new law firm has joined the top-20 with the merger of Taylor Garrett and Joynson-Hicks into Taylor Joynson Garrett....

1.2 y - 11

Prompted by an expanding national and international client base, the two firms had already invested heavily in resources and expertise. Now, as a fully integrated firm with 60 partners and strong back up teams, Taylor Joynson Garrett will continue to offer clients a personal in-depth service with an added ability to cover more aspects of their business than ever before.

On the commercial side, the new firm will be particularly predominant in the areas of banking, mergers and acquisitions, international law and taxation, EEC and competition law, copyright and entertainment law and shipping.

The commercial property and commercial litigation departments will also be greatly enlarged and strengthened by the merger, as will the long-established and respected private client department, now one of the largest in any City firm.

Taylor Joynson Garrett is well placed to offer a complete legal service and, with a recently opened office in Brussels, can assist its clients in taking advantage of the opportunities offered by Europe in 1992.

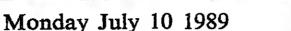
> 180 Fleet Street 10 Maltravers Street London EC4A 2NT London WC2R 5BS Telephone 01-450 1122 Telephone 01-836 8456 Facsimile 01-528 7145 Facsimile 01-379 7196 Telex 25516 Telex 268014 IHICKS G DX 149 Londor DX 41 London

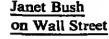
**EEC Office** 50 Square de Meeús (BTE2) 1040 Brussels Belgium Telephone 02 514 46 72

> Facsimile 02 514 50 48 Telex 27254



# **FINANCIAL TIMES**





**Party givers** 

their weeds

"TO UNDERSCORE the informality of the occasion there had been placed, in the middle of each table, deep within the forest of crystal and

silver, a basket woven from

hardened vines in a highly rus-tic Appalachian Handicrafts

manner. Wrapped around the

vines, on the outside of the

basket, was a profusion of wild flowers. In the centre of the

basket were massed three or

"This fouz-naif centerpiece was the trademark of Hnck

Thigg, the young florist, who

would present the Bavardages with a hill for \$3,300 for this

The inspiration for Huck Thigg in Tom Wolfe's The Bon-

fire of the Vanities is widely

a dinner party with 12 of their best chums," he says.

best chums," he says. Mr Reynolds, who has been concocting lavish parties for 20 years, has on his list of regular clients many of the largest US corporations – General Motors and Pepsico, for exam-ple – and several of the most mominent Well Streat invest.

prominent Wall Street invest-

their conservative weeds in

favour of spectacle, opulence

and sophistication. "Corporations are moving

entertaining but they are per-

four dozen poppies.

Italian.

ers.

throw off

# HK's law-drafting team in Peking

By Michael Marray in Hong Kong

SENIOR Hong Kong politicians hava arrived in Peking for talks with Chinese leaders in the first formal contact hetween Peking and Hong Kong since the Jime 4 massa-cre of pro-democracy protest-

The visit by members of the Hong Kong basic law drafting and consultative committees and consultstive committees follows an invitation from Mr Ji Pengfei, director of the State Council's Hong Kong and Macau Affairs office. The two sides are expected to discuss ways of bolstering stability in Hong Kong, where confidence has been badly shaken by recent events in

shaken by recent events in China and the timetable for the drafting of the basic law, the mini constitution which will govern Hong Kong after the Chinese takeover in 1997.

The Hong Kong delegation may also bear at first hand some of the criticism directed at the colony from Peking in the past few weeks with warn-

ings against it becoming a base for connter revolutionary activities aimed at China. Work on the basic law draft

Work on the basic law draft was suspended locally in mid June, and a planned visit to Hong Kong a few weeks earlier by Mr Ji was also cancelled because of the crisis. Local leg-islators are now calling for an extension of the drafting pro-cess by one war cess by one year. The Hong Kong delegation includes Mr T. K. Ann, chair-

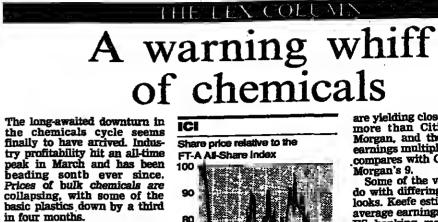
includes Mr T. K. Ann, chair-man of the consultative com-mittee, as well as senior mem-bers Mr Wong Po-Yan and Mr David Li. They are scheduled to meet Mr Jiang Zemin, the new general secretary of the Chinese Communist Party. Peking's complaints about Hong Kong were echoed over the weekend by Mr Xn Jiatun, director of the local New China news agency. China's de facto

news agency, China's de facto embassy in Hong Kong, in a speech delivered to Hong Kong delegates of the Chinese National People's Congress.

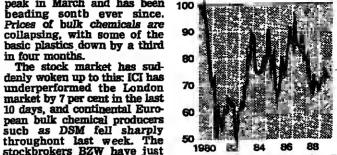
Mr Xu warned against sub-versive activities in the colony, and emphasised the need for both Britain and China to faithfully implement the Sino British Joint Declaration - a reference to calls made in some problem by offering residence rights to its people if China broke its agreement on the colony's future. He named the European

quarters in Hong Kong for the treaty to be renegotiated. In splte of his warnings against meddling in China's

He named the European Community, the US, Canada, Australia, Singapore and New Zealand as countries which he said could be asked to offer homes to Hong Kong people. "We are talking about a set of assurances to all Hong Kong people to give them very good reason to stay there and pros-per under the Chinese," Mr Howell said in a BBC radio interview. affairs, Mr Xu's speech was in other parts seen as conciliatory in tone, promising that there would be no reprisals against Hong Kong people or locally based officials from Peking who took part in the buge pro-democracy protests, and under-lining the desire in Peking to shore we confidence in Horg interview. Mr Stephen Cheong and Mr Leong Che-Hung, both mem-



ICI Share price relative to the FT-A All-Share Index



way in a recession. It would certainly be bad luck, however, if the recovery from the exceptionally deep recession of 1980 lasted just long enough to cajole companies into invest-

cajole companies into invest-ment, and not long enough to let them benefit from it. But for the equity market as a whole and chemicals stocks in particular, all that may already be in the price. It looks increasingly as if the crash of October 1987 was simply the market discounting recession, or at least a severe downturn. or at least a severe downturn, 18 months in advance. In keep-ing with this is the fact that a mg with this is the fact that a stock like ICL, still labelled by the market as a cyclical, dropped to a market discount in the crash and has stayed there ever since. Though the market will not immediately opior account its predictions market will not immediately enjoy seeing its predictions verified, it does not discount the same things twice. And if you believe with ICTs manage-ment that the company is no langue gradied any with the

longer cyclical anyway, that makes the stock positively attractive. International banks

One of the more puzzling stock market trends of 1989 has been the widely diverging per-formance of the major UK and US banks. In terms of capital strength National Westminster Bank and Barclays are now the biggest in the world – accord-ing to The Banker's latest ranking - which should mean that they are better able to weather any downturn in the world economy or deterioration in the Third World debt situation. Yet their shares have performed miserably in 1989 and are trading at a substantial discount to those of

are yielding close to 50 per cent more than Citicorp and JP Morgan, and their prospective earnings multiple of less than 5 compares with Citicorp's 6 and Morgan's 9. Some of the variation has to

SUEHAUF

Norfolk. (0362) 695353

R.

Some of the variation has to do with differing earnings out-looks. Keefe estimates that the average earnings growth of the US banking majors will only slow by a couple of percentage points to 12 per cent this year, whereas the outlook for UK bank profit growth has deterio-rated sharply in recent months as the impact of high interest rated sharply in recent months as the impact of high interest rates on former growth husi-nesses like mortgage lending has taken its toll. The recent news from the TSB has under-lined the squeeze on UK retail hashing months and UK bank lined the squeeze on UK retail banking margins, and UK bank earnings will be lucky to grow by 5 per cent this year. Unlike in the US, where bank profits are still growing faster than the market, UK bank profits are growing considerably more slowly and could even decline over the part year or two on over the next year or two on the more bearisb forecasts.

However, the difference in economic environment is only part of the reason. There are also widely differing percep-tions of the impact of the ini-tiatives to solve the Third World debt crisis. As a rule of thumb, US analysts are far more positive than their European counterparts; which is somewhat puzzling, since US banks are generally not as well capitalised as the major UK banks and are often more exposed.

Argentina has not paid any interest for more than two years, its debt arrears are now \$3bn, and US banks bave recently been ordered to increase their Argentine write downs. Rather surprisingly this is unlikely to have ar impact on second quarter earn ings because most banks are going to deduct the losses from reserves they do not intend to replenish, but with Brazil delaying interest payments and increasing pressure on banks

to make further concessions on their Mexican debt, the outlook is far from encouraging. Next week's first half results from Citicorp and those from Lloyds Bank the week after, will provide important clues to current commercial bank thinking on provisioning. It is no surprise that the Bank of England is reviewing its

2.2

1.74

\$1.02

E SERVE

· · · ·

2 Mg+

Santy

1

1. P.

### believed to be Renny Reynolds, the doyen of New York party planners wbo dreams up extravagances for the rich and Call for unity in wake of atrocity famous from a townhouse on the Upper East Side of Manhat-Hugh Carnegy on the dilemma facing Israel's Labour Party tan done up in designer-old

Mr Reynolds, dapperly dressed and charming, is proud to think that his skills have been immortalised in fiction RISH politicians often speak - usually in vain - of the need not to be dictated to by "the politics of the latest atrocity." The phrase would find a ready echo among leaders of Israel's Labour Party but believes that Mr Wolfe's satire underestimated the extravagance of real life New "There are people in New York who feel nothing about spending \$10,000 on flowers for who meet today to consider whether to pull ont of the coalition Government headed

by Mr Yitzhak Shamir, The meeting, prompted by hardline conditions attached last week by Mr Shamir's Likud political grouping to his peace proposals for the occupied territories, was postponed from Thursday because of the attack on an Israeli hus by a Palestinian which claimed 14

ment banks. The most notable aspect of The ontrage caused by the attack was felt throughout the corporate entertaining - apart from the profligate amounts of weekend and will inevitably money spent - is that many companies have thrown off colour the course taken hy Labour. Yesterday, the coali-tion Cabinet united in condemnation of the bus incident, the worst of its kind for a decade, and in condemnation of a rash of retaliatory actions by

away from brightly-lit rooms Israelis that have followed. full of staid chrysanthemums and embracing a more roman-tic approach. Candles used to On Saturday a Palestinian from the Gaza Strip was killed when his car was forced off the be too romantic for corporate road in the Negev desert by fectly acceptable now," says Mr Reynolds. Jewish stone-throwers. There were a number of other stone-



Israeli police arrest a demonstrator at the funeral yesterday of a victim of last week's bus crash

tine Liberation Organisation, expressed concern that Wash-ington had failed to describe ington had faued to describe the bus attack as terrorism. He called on Labour not to leave the coalition. "It is not the time for a split; it's time for unity," he said, adding that Labour would be punished by the electorate if it brought the govern

efforts to resolve the Palestinian uprising in the West Bank and Gaza, which entered its 20th month yesterday. Two Labour ministers, Mr Ezer Weizman and Mr Moshe Shahal, have recommended that today's meeting of top party officials advise the poli-cy-making body, the central

recent partnership with the Prime Minister has been the main pillar of the bi-partisan peace initiative. Mr Rabin was stung by Mr Shamir's lurch to the right, but has said that more time was needed to see whether the plan had file left. To decide otherwise now would indeed be to defy the est atrucity

Leong Cbe-Hung, both mem-bers of the colony's legislative council, will arrive in London this morning to lobby MPs on the right of abode issue. During his visit to Hong Kong early last week, Sir Geoffrey Howe, the British For-eign Secretary, ruled out any possibility of millions of full British passports being given shore up confidence in Hong Kong's capitalist future under the "one country, two systems" doctrine. cut their forecasts of chemical Meanwhile, Mr David Howell, chairman of the British House Foreign Affairs Select Committee, suggested yesterday that Western nations could jointly solve the Hong Kong

British passports being given to Hong Kong citizens.

# earnings from Sbell – the world's biggest perrochemical producer – by £150m for this year and £300m for next. Since demand for basic

Since demand for basic chemicals is a good leading indicator for the world econ-omy as a whole, this could have worrying implications. But the puzzle is that demand is still rising - by 4 per cent this year, on some estimates - and plants are still working flat out around the world. And althongb the industry is engaged in its first orgy of plant building for a full decade, the new capacity is not due until next year. until next year.

To an extent, cnstomers mnst be de-stocking, even if this is not yet showing through in the volume figures. More important, they are forcing prices down on the clear assumption that they have still further to fall. Partly, this will mean that they expect lower demand for their own products. But it also presents a pat-tern more specific to the chem-ical industry: when new capacity is due, prices fall six or nine months in advance as producers compile for the producers scramble for the market share to justify their

investment. investment. Perhaps that pattern too has implications for industry as a whole. Chemical producers overbuilt feroclously in the late 1970s and paid the penalty in 1980. They then systemati-cally underbuilt and by 1967-88 carly understand by 1867-88 were enjoying the fattest mar-gins the industry has ever seen. Then, of course, they starting building again in time for the next downturn. Even ICI, one of the most prudent of the chemical majors, last week announced its biggest ever new investment a 5150m plant in their US competitors. investment, a £150m plant in

# throughont last week. The stockbrokers BZW have just

d for b Dillon Read to celebate the closing of a deal with a French chemical company. Mr Reyn-olds's team gilded exotic fruits such as pineapples and arti-chokes and built them into positively decadent table decorations complete with soaring candelabra. A caricaturist was on hand to sketch portraits of the cigar-smoking executives who later treated everyona with a series of skits, highlighting comic moments during

their negotiations. "We wanted something ele-gant, yet masculine, with an eye towards French sophistica-

Sometimes, the most pains-takingly planned events can go wrong. Mr Reynolds gave a deep sea flavour to a Merrill Lynch party held in the whale room of New York's Natural History Museum with each blne-clad table sporting orchid-filled fish tanks. "It was a disaster. There were quite a few no-shows and most people were too drunk to notice their table decorations," laughs Mr Reynolds. It was the evening of Ortholes 10, 1097 October 19, 1987.

Not every businessman believes in winning business through displays of opulence. Mr Bernard Leser, president of Conde Nast Publications, believes that it is inappropriate in his business to be flamboy-ent in a time of interne comp ant in a time of intense compe-tition and cost pressures. He also believes thet it is unneces-

"We do not believe that we "We do not beneve that we win a single extra page of advertising if we take a person out to lunch or hny him a drink," Mr Leser says. "In our husiness, we rely on the qual-ity of our product."

Business entertaining on Wall Street has, with only the smallest hiccup immediately after the 1987 stock market crash, remained on a steeply

rising opulence curve. The laviah private lifestyles of leading investment bankers has only served to encourage extravagance in the name of

business. "There are a lot of people on ego trips, perhaps more so in New York than elsewhere. But you still find flamboyant peo-ple in Europe who are very successful and like to wallow in the limelight. It's just that the Americans are less subtle

about it." The great mystery for Mr Reynolds is why the Japanese have not emerged as public party givers. Perhaps they pre-fer the discretion of the private clubs behind anonymous doors around Manhattan.

throwing incidents accompanied by shouts of "Death to Arabs," and angry outbursts at funerals of the crasb victims. "The Government deplores irresponsible acts by Jews out of the bitter-ness of their hearts," the Government said. "These things must not occur." Mr Shamir, already angered

**Continued** from Page 1

"the world's largest ball," fill-ing the Avenue Richard Lenoir

between the Bastille and the

by US contacts with the Palescoalition was to advance

The dilemma for Labour is whether that risk - height-ened by public reaction to the hus attack - outweighs the risk to its credibility posed by staying in harness with Mr Shamir, now that he is per-ceived seriously to have damaged the peace process. Its chief motive for joining the

G7 tackles la Revolution

e, to agree diate pull-out. Bnt another minister, Mr Mordechal Gur, said yesterday such a move would be "crazy" in the present circumstances. This is almost certainly the

advice Mr Yitzhak Rabin, the Defence Minister, will also offer. He occupies a key posi-tion as the Labour minister closest to Mr Shamir. His

 The Palestinian accused over the bus crasb apparently acted to avenge alleged beating and imprisonment of his brothers by Israeli soldiers, police and Arab sources told Renter in Jerusalem. Abdel Hadi Salman Rassem Ghanem, 23, was yesterday in a prison hospital ward recovering from head and chest injuries.

Taiwan. As stock market oper-ators know, the time to sell is when the last bear turns bull-

This has its analogies throughout the corporate sector, still enjoying record profitability and an investment boom. There is no law which says that industry must always be canght facing the wrong

The FT-A Bank sector has underperformed the UK marmatrix for calculating appropriate provision levels and a ket by 10 per cent this year, and FT-A sector relative hit an all-time low last week. By confurther substantial round of trast, the Keefe, Bruyette & Woods index of 24 major US bank stocks has risen by 23.7 per cent this year compared with a 15.8 per cent rise in the S&P 500. Barclays and NatWest

provisioning is looking increas-ingly likely. This may just be the sort of signal to convince the equity markets that the

# Money and time are two things a finance director can't get enough of. We can give him both. Money tied up in cars can't work to build business. Finance directors tied up with car administration are

Finance directors tied up with car administration are much the same.

A fleet supplied by RoyScot creates freedom for both. It also gives an extra line of credit. You can add further vehicles without eroding your bank lines.

So you can speed up the rate at which you invest in the growth of your business.

And because you make a regular monthly payment, which can include all maintenance costs, you can control both cashflow and management angst.

So if you'd like to improve your finance director's lot, in the certain knowledge he'll get the opportunity to improve the company's, contact Peter Henshall at our national head

RoyScot Drive, Vehicle Management Services, 286 Chase Road, Southgate, London N14 6HF. Tel: 01-882 8861.



IT'S OUR BUSINESS TO HELP YOUR BUSINESS GROW. Regions Vehicle Contracts Lat. Registered av England No. 301541 A member of The Royal Bank of Scotland Group plo. 

the bicentennial celebrations has this inconvenience; tha monarchies of the European ing when President Mitterrand hosts a dinner for the seven rich nations in the Hotel de la Marine, overlooking the Place de la Concorde, while his wife and his Prime Minister wel-come the "poor" relations to dinner at the Hotel Crillon

next door.

One attempt to sngar the

pill - sending the spouses of the Seven to fraternise with

their less privileged neigh-bours - backfired embarass-

After this diplomatic conon-

drum, the problems of the sum-mit meeting itself will pale into

mere logistics. All the same,

official drivers are not looking forward to the shuttle between

plenary sessions in the brand new Arche de la Defence, beyond Paris's western border,

finance ministers' meetings at Bercy, far to the east, and pri-vate reunions of beads of gov-

ernment at the Louvre Pyra-

Place de la Republique. Bastilla Day itself is more straightforward, with the tradi-Community are notable by their absence. The second is the difficulty of combining the summit with the bicentenary itself. Some of Mr Mitterrand's staunchest tional military march-past in the morning, a garden party at the Elysee Palace in the afternoon, and the spectacular parade devised by Mr Jean-Pani Goude, an advertising specialist with a fertile though fans, such as the pop singer Renaud or the race relations campaigner Harlem Desir, campaigner Harlem Desir, were so scandalised by the thought of celebrating the Rev-olution with a meeting of the seven richest countries in the world that they set up a count-er-festival, culminating in a controversial imagination. Mr Goude annoyed many of the French and foreign participants by the stereotyped roles he devised for them - the Brit-ish marching past under an

buge free concert at the Bas-tille on Saturday. "The Third Estate of today is artificial rain cloud, the Rus-sians carrying an ice rink on their head, the African drumthe Third World," Renaud promers in grass skirts like canni-bals around the pot – but his enthusiasm is starting to catch claimed.

Tha gibes have hit home. It is said that Mr Mitterrand him-self is irritated by the counter-festival and his supporters in the Socialist Party have hit

on. Complicating the whole event, however, is the summit, which officially begins on Fri-day afternoon and carries on until the final joint communi-que at 5 pm on Sunday. The first problem is thet Japan and the UK, both mem-bers of the Group of Seven, are still monarchies. None of the heads of state invited only for back with a declaration calling on the summit nations to for-give their Third World debts - as many of them have already done, at least for some of the poorest African coun-

tries. But it will be hard to avoid burt feelings on Friday even-

### WORLD WEATHER

							_								
		r	Ŧ			ъ					Ŧ			τ	7
Ajaccio	5	Ĩ	â	Subrownik	8	- 81	-	Maile	s			Finades	8	29	54
Alguers	ŝ			Edinburgh	F	15	50	Manchester	C	16	61	Rio de Jo		-	
Ansterden	Š			Faro	S	25	77	Manila		-	-	Rome	s	28	
Athens	ž			Florence	Ē	22		Melbourne	C	10	50	Selzburg	Ē	29	73
Seinein	8 <b>8</b> F F			Franklart		24	75	Madeo City	-	-	_	Sen Francisco		20	
Berghok	÷.	34		Funchel	Ē	24	75	Marti	8	27	81	Secut	č	95	
Barcolona	÷.			Geneva	Ē	24		Militar	Ē	22	81	Singepore	Ā	25	
Beirul		-	12		Ē	95		Montreel	Ē	10		Stockholm	5		
Bellast	Č.	я		Glasgow	Ċ	17		NORCOW	S F F C	28	82	Strasbourg	Å 5 C	22	73
				Guternee/	č	17		Munich	Ĉ	15	84	Sydney	Ĉ		55
Belgrade		25	-	Heightid	ā	28		Nelcobi	Ĉ	21	70	Talote	-	_	
Bertha	ž	20		H. Kong	ā	33		Nonies	ā	30		Tangler	\$	24	73
Sileritz	¥.			thestruck	ă	23	21	Numerous				Tel Asty	ā.	31	
Bombey	5	20		1000 000 000 000 000 000 000 000 000 00	Ē	15		Naples Nation New Duth	ē	35		Tensrile	ŝ	25	
Bordenis Oruganis	0900F006	2		istemeteri	C S S R F S F	20		New York	Ċ			Tokyo	ċ	25	
	ž			latanbul	Ē	Ŧ		Nico	-	-	-	Toronto	F	15	H
Budaposi		~	21	. Loice to	•	-		Nicosia	8	37	89	Turnia	8	31	8
B. Aires	-			Jersey	Ċ	19		Operto	\$ \$	24	75	Valencia	Ē	27	àî
Calco	2			Joburg	š	ĩ		Osio	ŝ.	24		Venice	ŝ		54
Cape Town	2			Ling		-		Paris	Ĕ	33		Viena	š		
Caraces	- 55CS			Lisbon	8	24	75	Peiding	5 F 5			Warthew	5 F		90
Casablence	F			London	č			Pregue	Ē	ž		Washington	È.	33	73
Chicago	-	21			č		ä	Reyficial	ċ	<b>CS</b>		Zurich	È.	32	30
Cologna	C			Los Angeles	Ĕ	21	ᅰ		-				•	~	-
Copenhagen	s			Luxenbourg	5	2	ŝ	Another at S	id da	7,14					
Conte	8	32	<b>2</b> 0[	Madrid	2	2	21	C Clarke D.D.	-	-		g-Fog H-Had R-			
Qallas	-	-		Majorca	5	×.	-	S-Gun ST-Sland						•	
Dublin	3	17	631	elaisos	8			·····································							

# dish sales to rise by end of the year By Raymond Snoddy in London

**UK** satellite

MORE THAN 400,000 Britisb homes may have bought their own satellite receiving equip-ment by Christmas, according

to new market research. The result is encouraging for Mr Rupert Murdoch's Sky Tele-vision, bat is modest compared with the prediction that the service would be in 1.5m homes hy the end of its first year on air - February 1990. The fourth Financial Times The fourth Financial Times Satellite Monitor by Kenning-ton Research also found that at the end of last month an esti-mated 118,000 homes in Britain were receiving satellite chan-nels such as Sky Movies, W H Smith's Screen Sport and Mr Rohert Maxwell's MTV – an increase of 25 000 over May.

Provide la

語の言語を

mid in the middle. Nor are the organisers increase of 25,000 over May. The predicted pre-Christmas looking forward to keeping nearly 5,000 journalists at bay. surge in demand emerged when those who said they would definitely, or probably, install satellite receiving equip-ment were asked when they intended to buy. Only balf Security at the Arche has supposedly been watertight for weeks now, but some journalists casing the joint have already found their way to the holy of holies on the 35th floor gave a firm reply and of these, nearly 70 per cent said they intended to wait until next year. Britisb Satellite Broadwithout so much as an identity Can the Bicentennial Mis-sion pull it all off? After the deaths of its first two chair-men, the Mission had fallen a long way behind in its plan-ning for the commemoration of the Resultion and the failage year. British Satellite Broad-casting, a consortium in which Pearson, owner of the Finan-cial Times, bas a stake, ls scheduled to launch its five-channel service in the spring. The rest said they intended to install before Christmas, the Revolution, and the failure of some of its main ventures, such as the Tuileries 1789 most of them in November or December. At face value it would mean 700,000 new instal-lations before Christmas. The full version of the Finan-cial Times Satellite Monitor can be obtained from the FT Research Department, Finan-cial Times, 1 Southwark Bridge, London SE1 9HL.

Advertising revenue, Page 4

ŵ

# Arcade, has not helped to shake off the feeling of a flop

by the money spent.

shake off the feeling of a hop The Figaro Magazine, whose sympathies are markedly anti-Revolution, published with glee a poll showing that 59 per cent of Parisians viewed the bicentennial ceremonies with indifference or irritation, and that 62 per cent were shocked